

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2014



EST. 1565

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CELEBRATING 450 YEARS

CITY OF ST. AUGUSTINE, FLORIDA



The fusion of culture began in St. Augustine in 1565 when Spanish explorer Pedro Menéndez de Avilés arrived with 800 colonists to settle the New World in the name of Spain. It was an ambitious attempt at colonization, one that would become the foundation for the most lasting European settlement in the United States. The newly arrived colonists were Spanish and Africans. When they stepped off the ship onto the soils of the first permanent American colony, they became Hispanic-Americans and African-Americans for the first time.

This was the beginning of both the Latin-American and African-American experiences in the New World. The colonists survived because Native Americans at the Timucuan Indian village of Seloy allowed them to occupy and modify Indian structures, even digging a moat around a council house for fortification. The intermingling of Native Americans, Hispanics and Africans was the very beginning of the diverse American culture, one that characterizes our nation today.

City of St. Augustine, Florida

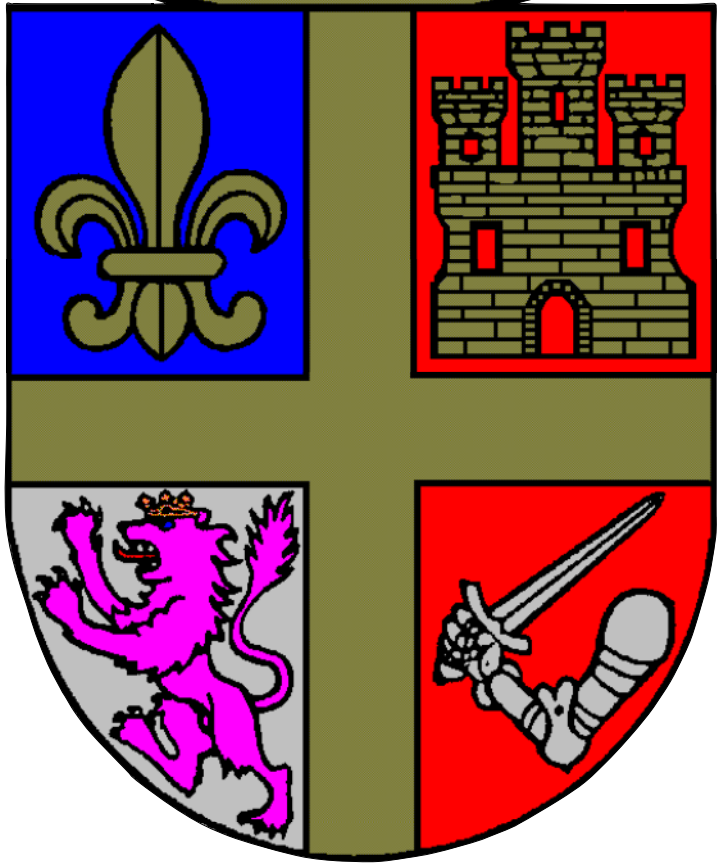
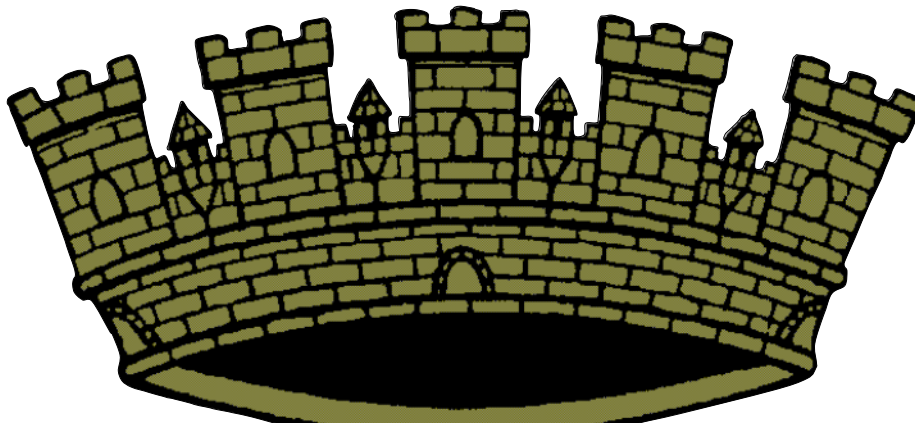
Comprehensive Annual Financial Report Fiscal Year Ended September 30, 2014

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CITY OF ST. AUGUSTINE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2014

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INTRODUCTORY SECTION

This Section Contains the Following:

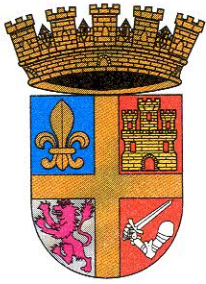
Letter of Transmittal

Certificate of Achievement

Principal City Officials

Organizational Chart

Letter of Transmittal



City of St. Augustine



St. Augustine, Florida

Finance, Budget & Management

March 27, 2015

Honorable Mayor and Commissioners
City of St. Augustine, Florida

Mayor and Commissioners:

The Comprehensive Annual Financial Report of the City of St. Augustine, Florida, for the fiscal year ended September 30, 2014, is submitted herewith, pursuant to Florida Statutes Chapter 166.241 (4) and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. This Comprehensive Annual Financial Report was prepared by the staff of the City's Finance, Budget and Management Department and, therefore, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of activity of its various funds, and that all disclosures necessary to enable the readers to gain the maximum understanding of the City's financial activity have been included.

The City is responsible for establishing and maintaining internal controls to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements, and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits. The evaluation of this relationship is a responsibility of City management. We believe these controls adequately safeguard City assets, as well as provide reasonable assurance for properly recording transactions.

The independent accounting firm of Masters, Smith & Wisby, P.A., whose report is included herein, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made, by City management and evaluating the overall financial statement presentation. Based upon the audit, Masters, Smith & Wisby, P.A. concluded there is a reasonable basis for rendering an unqualified opinion that the City's financial statements are fairly presented in conformity with accounting principles generally accepted in the United States of America.

GOVERNMENT PROFILE

Often called the City of the Centuries because of its antiquity, St. Augustine was founded by Spain in 1565 and is the oldest continuously occupied settlement of European origin in what is now the United States. The City was founded 55 years before the Pilgrims landed at Plymouth Rock and was already two centuries old at the time of the American Revolution.

Four flags have flown over St. Augustine: Spanish, British, Confederate, and American. For nearly two centuries (1565-1763), St. Augustine was a Spanish possession. This 200-year period is referred to as the First Spanish Period. Britain obtained possession of Florida and St. Augustine in 1763 for 20 years (1763-1783). This period included the American Revolution and is known as the British Period. Spain regained and maintained possession of St. Augustine and the rest of Florida in 1784 until Florida became a possession of the United States in 1821, this is known as the second Spanish Period.

Florida, with St. Augustine as the capital of East Florida, maintained its territorial status until 1845 when it was admitted to the United States as the 27th state. St. Augustine was briefly under the Confederate flag when Florida seceded from the Union in 1861, but the City was captured by Union forces early during the War Between the States and was occupied during most of the hostilities.

During its earliest years, St. Augustine was a collection of palm thatch huts. These gave way to board-sided houses with thatched roofs in the 17th century. After the town was burned in 1702 during an attack by Carolinians, the populace erected temporary straw or thatch shelters until they could build with more permanent materials such as tabby, the colonial equivalent of modern concrete, or coquina, a native shell stone quarried on Anastasia Island across the Matanzas River.

Many of the City's colonial structures have been carefully preserved and restored, and there is a continuing program to restore and reconstruct other buildings on their original foundations. Historic sites, buildings, and St. Augustine's old world charm are found throughout the colonial city. A number of groups, both private and governmental, have and continue to pursue active roles in the restoration, preservation and interpretation of St. Augustine's history.

Today, the City of St. Augustine is a full-service municipality located within the boundaries of St. Johns County. The City derives its government authority from a charter granted by the legislature of the State of Florida. The City operates under a City Manager form of government. Five commission members, including the mayor, are elected at large on a non-partisan basis. Four of the seats are staggered four-year terms with the mayor's seat elected every two years. The City Commission appoints the City Manager who directs the business of the City and its various departments. The City Commission determines policy, adopts legislation, approves the budget, sets taxes and appoints the City Attorney, the City Clerk and members of various boards and committees.

The City budget process begins in May and concludes in September with two public hearings. The budgets are prepared by each department and submitted to the budget committee for review. The budgets are then balanced and approved by the legal governing body. The General Fund, Special Revenue Fund and all Proprietary Funds have legally adopted annual budgets. The legal level of budgetary control is at the fund level without approval of the governing body. Actual spending, however, can exceed the appropriated amount of the fund to the extent revenues exceed the fund's budget.

ECONOMIC CONDITIONS AND OUTLOOK

The City of St. Augustine is located within St. Johns County on the northeast coast of Florida. The City's limited economy is concentrated in tourism, although major employers provide some diversification and security. A four-year liberal arts college, the State Headquarters of the Florida National Guard, and the Florida State School for the Deaf and the Blind contribute greatly to a stable economy.

Founded by the Spanish 449 years ago, St. Augustine's historical and resort attractions draw millions of visitors every year. Tourism is responsible for over \$1.3 billion annually and 12,500 jobs for St. Johns County. It is estimated nearly 6 million tourists visit St. Johns County annually with St. Augustine being the principal attraction. St. Johns County estimates that just less than half of these people visit and return home the same day. This type of tourism, short-term and daily visitors, is less affected by downturns in the economy and may even see an increase as people avoid popular high-priced venues.

As predicted, the City's ad valorem tax revenues have grown significantly in the 2014-2015 fiscal year. This growth has been due to new construction and renovation activity. For 2014 the City's total taxable value is \$1,170,158,058. This is an increase of 4.83% over last year's adjusted taxable value.

MAJOR INITIATIVES/PROGRAMS

Management's purpose is to continue to provide the same or an improved level of service while managing future growth through sound fiscal management being cognizant of limited financial resources. Prudent budgeting and cash management has enabled the City to meet emerging infrastructure needs while maintaining services provided to its constituency.

2014 & Beyond Visioning Initiative

In the fall of 2013, the City Commission launched a visioning initiative called 2014 & Beyond, led by a 15-member steering committee, chaired by a City Commissioner and guided by a professional facilitator. This community-wide vision initiative has been working for a year now and, with the end of May, 2015 as its goal, has made great strides in soliciting community input and distilling it down into a meaningful and honest vision statement.

Land Development Code Updates and Revisions

The Planning and Building Department has begun a *Neighborhood Zoning Workbook* project to create a flexible planning tool for individual neighborhoods to use to create zoning overlay districts within their neighborhoods. This is intended to allow greater control over quality of life issues and guide future growth in a grassroots way. The department has initiated proposed updates to the Planned Unit Development (PUD) ordinance, creation of an Events Venue ordinance as well as additions and updates to the definitions section of the zoning code, all of which are undergoing public review. The department has also recently completed an update to the *Design Standards for Entry Corridors*, which regulates the appearance of new development on King Street, San Marco Avenue and Anastasia Boulevard and has begun further revisions which are undergoing public review.

Historic Preservation Master Plan

The City Planning and Building Department has begun developing a *Historic Preservation Master Plan*. Currently, the City relies on the Land Development Code, Historic Preservation Element of the Comprehensive Plan, and the Architectural Guidelines for Historic Preservation to regulate new development and conduct demolition review for properties impacted by these codes as well as to promote and protect the city's historic and cultural resources. A preservation master plan will create a comprehensive document that sets the city's priorities and goals for historic preservation and may also initiate changes to our current codes.

450th Commemoration

The St. Augustine 450th Commemoration produced *Journey: 450 Years of the African-American Experience*. This signature exhibition was developed to commemorate the 50th anniversary of the passage of the Civil Rights Act in 1965, in which St. Augustine played a pivotal role.

The state-of-the art exhibition was developed through the direction of a 14-member City of St. Augustine, African-American Advisory Council. A comprehensive curriculum package was developed that was used by St. Johns County schools, as well as schools throughout Florida and the nation. The program also included the production of a 19-location *Journey Passport* that connected exhibition visitors with related historic sites, special events and other exhibitions throughout St. Augustine. *Journey* and its related programs won a prestigious Florida Trust for Historic Preservation Award in May 2014 for outstanding achievement, the highest honor in its class.

Other 2014 events included a special African-American Discover First America program series; a special luncheon with community leaders, held at the Bayfront Hilton, the original site of the 1960s Monson Hotel; a 50th anniversary commemoration of the largest mass arrest of rabbis in the United States with the surviving rabbis in attendance; a daylong ceremony commemorating the 50th anniversary of the passage of the Civil Rights Act; and visits from dignitaries and

City of St. Augustine, Florida
Letter of Transmittal

officials including Dr. Andrew Young, columnist Leonard Pitts, and Civil Rights Movement veterans from around the country, including the personal secretary of Dr. Martin Luther King, Jr.

Additional events included the program extension of El Galeón, a full-scale replica of a 16th century galleon used by New World explorers like St. Augustine's founder Pedro Menéndez, and the caravel ship Nao. This was done in partnership with the Nao Victoria Foundation (NVF), Malaga, Spain (St. Augustine was established as the North American Homeport for both the NVF ships), *The First City in the Eyes of Masters* exhibition of 45 original 1800s paintings of St. Augustine, the St. Augustine Spanish Wine Festival, Spanish Brass Band performance, and Stanley Paris' historic voyage attempting to circumnavigate the world.

Planning and program development will continue for the signature year of 2015, which will include two principal signature events: *Tapestry: The Cultural Threads of First America*, an exhibition at the Visitor Information Center, and *Celebrate 450!* a five-day celebration that will run through Labor Day weekend culminating on Tuesday, September 8, St. Augustine's actual birthday. Collaborations are also underway with the U.S. - Spain Council, the African-American 2014 Commemoration Advisory Council, the Seminole Tribe of Florida, the National Park Service, the St. Augustine 450th Commemoration Federal Commission, Viva Florida, Department of State, and Visit Florida.

Utility Improvements

The City continues an aggressive asset management program prioritizing infrastructure repairs, replacements and upgrades. Several plant projects are underway with 2015 completion includes a new interconnect with the county system in the north service area along with electrical and pumping upgrades to the booster pump station, repairs to the wastewater treatment plant outfall pipeline, analysis and preparations are underway for wastewater treatment plant clarifier refurbishment and return activated sludge pump station replacement and structural and hydraulic analysis of the wastewater treatment plant headworks.

Of considerable note is one of the final major projects funded with bond proceeds is the Reverse Osmosis (RO) Water Treatment Concentrate Discharge pipeline. This project will divert the brine water from the water plant to a surface water discharge. The benefit of this project is to provide the necessary discharge capacity needed for the future expansion of the RO plant planned for 2019/2020 and reduces flow demand into the Wastewater treatment plant opening capacity for future development. NPDES Permits and easement for the pipeline have been secured and final plans are underway with a scheduled 2015 completion.

Improvements to the sewer collection and water transmission system continue under an on-going program of replacements and upgrades. Planned watermain replacements around the city utilizing bond proceeds are nearing completion. Menendez Road and Abbott Tract watermains were completed in 2014. The final watermain project with these proceeds in the Magnolia area will be completed in 2015.

**City of St. Augustine, Florida
Letter of Transmittal**

Lift station maintenance, to include improved motor controls and communications, continues to be a high priority as well as slip-lining aging sewers, thereby significantly extending life.

The City is utilizing operating, and renewal and replacement funding to manage smaller projects that help improve the maintenance and operability of the system. Projects include hydrant maintenance and flushing, valve assessment and exercising, and unidirectional flushing. These projects will improve the reliability of the system and keep the system flushed, reducing occurrences of sediment or color in the distribution system.

Sea Wall Project

The City's Avenida Menendez Seawall, located south of the Bridge of Lions, extends approximately 1,200 feet south of the City Marina to the National Guard Headquarters adjacent to St. Francis Street. The seawall is over 170 years old and has been damaged numerous times during Nor'easters and hurricane events. It is constructed of coquina and its ability to protect the City's bayfront from storms, flooding and high-tide events is compromised both by its design and degradation over the years.

Tropical Storm Faye's (2008) additional damage opened the door for qualification for the Federal Emergency Management Agency's (FEMA) Flood Mitigation Assistance Grant program. This program allowed the agency to award a grant for the project to the Florida Department of Emergency Management (FDEM), who in turn made the funding available to the City in 2011. The City has been awarded \$4.743 million (75% matching grant) in federal funding to construct a new seawall located 12-feet water-ward of the existing wall, encapsulate and protect the historic structure, and construct a new 12-foot sidewalk promenade. The construction began in April 2012 and was completed February 2014.

The Avenida Menendez Seawall project was awarded Historic Landscape – Outstanding Achievement Award by the Florida Trust for Historic Preservation in 2014.

Downtown Improvement District

The City's Downtown Improvement District is made up of Spanish Street, Treasury Street and Hypolita Street. In fiscal year 2014, the City committed to improving the streetscapes with new brick streets, sidewalks and lighting. This commitment was shared by the property owners of these streets and they entered into a special assessment taxing district so that they could share the costs of these improvements. The Downtown Improvement District streetscaping project is still underway and scheduled to be complete in April 2015.

Additional Capital Improvements

The City's refinance of the Capital Improvement and Refunding Revenue Bonds, Series 2004 in February 2013 resulted in \$2,000,000 in new monies for various capital projects including improvements to the Historic Downtown Parking Facility and the roof repair and replacement of

the Lightner Museum. Portions of this revenue have also been dedicated to brick street refurbishments such as Valencia Street and the Downtown Improvement District.

Salt Run Dredging

The City, in conjunction with the St. Augustine Port, Waterway & Beach District (SAPWBD) and the Florida Inland Navigation District (FIND), has been working on a multiple phased dredging project in Salt Run. Phase 5 totaling \$300,000, is currently in the process of being completed. This phase remove more than 15,000 cubic yards of material from the Conch House Marina to the Lighthouse Boat Ramp. The City is also entering into a sixth inter-local agreement with the SAPWBD for \$50,000 and is applying to the FIND for an additional \$150,000 grant. If approved, this sixth phase of the project should commence in early January of 2016.

San Sebastian River Dredging

The City, in conjunction with the SAPWBD and FIND, has been working on a multiple phased dredging project of the San Sebastian River, which has not been dredged since 1956. The City has previously secured and completed and expended two grants from the SAPBD and FIND totaling \$460,000 and this project is currently being executed. The City is applying for a third grant from FIND and the SAPWBD totaling \$300,000. If approved this dredging will take place in January 2016.

Orange Street Improvements

Construction is underway with a early 2015 completion planned for Orange Street. The project funded by Paul S. Sarbanes, Transit in Parks Grant for pedestrian improvements. The project included brick pavers to resurface Orange Street and restore the historic Cubo line which was the city's historic defense.

Stormwater Master Plan Update and Utility Rate Analysis

An update to the City's Stormwater Master Plan was completed in 2013, which included an inventory of projects to be accomplished over the next ten years. The first priority project, South Dixie Highway is underway with surveying and preliminary design completed in 2013. It has been over 20 years since the plan had been updated. Along with the plan, the utility rate structure was evaluated and new rate structure adopted in November 2013 with a March 2014 effective date. The new rates have been effect March 2014 generating revenues slightly greater than anticipated. An automatic rate adjustment was built into the ordinance to provide cost of living increases into the rates.

Part of the utility rate study included geo-coding the impervious areas for all properties, thereby taking advantage of the City's Geographic Information System (GIS). Procedures have been adopted to keep the database and GIS updated as new developments occur, which helps the City predict and plan for stormwater projects as well as revenue streams.

Economic Development

Historic Downtown

The City's historic downtown has continued to experience development/redevelopment activity. Flagler College completed construction of the new communication department buildings at Cordova and Cuna Streets and also rehabilitated the adjacent existing building for the WFCF Radio Station. Large development changes for Spanish Street and Hypolita Street include plans for four new buildings which have already been approved by HARB for the infill construction.

Additionally, there was an intensification of large maintenance projects suggesting business growth, adaptive use, and increased building occupancies. Projects in this category include the conversion of the bank on Cathedral Place to a venue space, the public restroom facilities on St. George Street, and rehabilitation of the American Legion/Hamblen House. Major buildings receiving rehabilitation work continue to be the Ponce de Leon Hotel and Alcazar Hotel.

Lincolnvile Development Activity

The Lincolnvile Community Redevelopment Area (CRA) has been established and the CRA has budgeted \$125,000 for various aspects of community redevelopment for this fiscal year. This includes \$75,000 for the "fix-it-up" program, a partnership with the St. Johns Housing Partnership, to rehabilitate distress homes for qualified individuals in the neighborhood. Property values are increasing in Lincolnvile and new homes are being constructed, as older homes are being renovated. The property at 102 Bridge Street, formerly a convenience store, has been fully restored and renovated for a restaurant and apartments, which eliminated a long standing blight to a very visible intersection in the neighborhood.

Anastasia Island

Business growth on this corridor has expanded from the previous year's restaurant growth of the Mellow Mushroom into the motel industries. Interior remodeling of the hotels at the east end of the Bridge of Lions has been ongoing and redevelopment plans for the exterior of the Anchorage Inn are in the review stages. Further east along the corridor at the Comares Avenue intersection, the Sunrise Inn is nearing completion of a full rehabilitation. A new hotel has been proposed at the intersection of Arredondo Avenue but has not yet been approved for permitting. The longtime vacant building at Inlet Place has been filled and plans to occupy at least two other vacant buildings are being reviewed. These projects and proposals represent the ongoing growth patterns of the corridor.

San Marco Avenue and King Street Corridors

Along San Marco Avenue the most significant transformation has been the completed renovation of the hotel that is now the DoubleTree Hotel. Previously vacant buildings have been occupied including the property the old Bozard building at 164 San Marco and rehabilitation of the previous Uptown Antiques building is nearing completion. The restaurant conversion of 123 King Street is also nearly complete. At a slower but steady pace, business growth is evident on the west side of King Street with infill of the old hardware store, grocery store, and remodeling of 226 King Street for the Solar Stik business.

State Road 312 Corridor

The State Road 312 corridor was one of the first areas of the City to experience economic recovery with an increase in development activity. Projects located in the State Road 312 corridor are generally larger projects that experienced the foreclosure process and are now actively being pursued.

Antigua

The Antigua development is a 450 unit residential development with a large marina component and associated commercial development. Docks and viewing platforms have been constructed along the north side of the development for residential access to the water. The main roadway infrastructure has recently been completed, making the project ready for vertical residential and commercial development.

Plantation Island Drive South (PIDS)

This commercial corridor is actively being marketed for commercial development and a bank, pharmacy and tennis club were recently constructed. This area is close to the beach and remains an attractive site for future commercial development.

Fish Island Development

The Fish Island Development, once a residential development with a large marina component and associated commercial development, has lost most of its development approvals; however, there has been recent interest in reestablishing the former development approvals.

Sebastian Inland Harbor

In 2005 the City sold a 14-acre site, which was to be transformed into the largest mixed-use development in the City's downtown area. The property is located on the San Sebastian River and sits on one of the City's three entrance corridors. The property was rezoned to a Planned Unit Development, required permits were obtained and the construction of the marina basin was completed. In 2008, all work on the property stopped and the property went into foreclosure. After sitting in foreclosure for six years, the property was purchased from the bank in 2014 and is back on track to become a mixed-use resort and residential community. Discussions with the developer have already occurred and work is expected to begin next year.

U.S. 1/Lewis Speedway

Projects in the U.S. 1/Lewis Speedway area remain active projects in the City with regard to permitting.

Flagler Development (Flagler Crossing)

Flagler Development is located on the west side of U.S. 1 and south of the St. Johns County Courthouse. A portion of Flagler Development, known as Flagler Crossing, recently underwent a Planned Unit Development amendment to convert the project from a multifamily residential project to a single family residential project. All of Flagler Development is aggressively being marketed. The area west of the railway tracks is slated for single family development and the portion east of the railway tracks is slated for multifamily development at the southern end of the project, and commercial development at the northern end of the project.

Madeira

Madeira is a 750 unit residential development, with companion commercial development and future public park, along U.S. 1 that has experienced recent activity with regard to the residential portion of the project. One aspect of the project that will facilitate residential development is the addition of an amenity center, which is under construction. It is anticipated that construction of the amenity center will initiate construction of additional single family residential lots in the community.

Old Sebastian Point

This 80 unit residential development off Lewis Speedway was one of the first residential developments to surface from the foreclosure market. Old Sebastian Point is currently one of the most active developments in the City. It is anticipated that Old Sebastian Point will be fully developed within the year.

Other U.S. 1 Corridor

A new multi-million dollar Wyndham Garden hotel is permitted for construction on U.S. 1, south of King Street. Once complete, it will be the first hotel south of King Street, providing opportunities for visitors to stay on the perimeter of the historic downtown. In addition, a hotel at the intersection of U.S. 1 and S.R. 16, Jaybird's, has completed renovations, clearly indicating the need to accommodate more visitors.

Shipyards of St. Augustine

The Shipyards of St. Augustine Planned Unit Development under construction, is a commercial marina, restaurant, office and retail mixed use development on U.S. 1 South and Arapahoe Avenue. The Shipyards includes a 63,000 square foot dry boat storage facility, an additional 18,000 square foot dry boat storage building, 23,000 square feet of marine service facility space and 90,000 square feet of commercial, retail, office and restaurant space.

CHALLENGES AND CONCERNS

As the City addresses the need for improved services, it is important that it identify the challenges which will face the community in future years.

Budget and Growth Concerns

The rapid growth, as seen by an increase in permitting and interest in development, is straining current resources of the City. The revenue associated with the growth lags behind the services that are required. We continue to face challenges with a downsized workforce and increased need for internal and external services.

Utility and Stormwater Infrastructure

Development applications continued to grow through 2014 for both new connections and re-starts of dormant projects through the fiscal downturn. Based on the money being invested in development projects and new construction starts, the City is encouraged that the economy is beginning to recover.

Demand for services and revenue continue to grow placing burdens on limited staff resources. To meet these demands, particularly in the engineering office, additions to staff are slowly taking place to meet requests for permits, coupled with the amount of capital projects underway.

The City is taking aggressive measures to conserve potable water and assure all billable water use is charged accordingly. New procedures and practices will better account for water usage and lost water, processes for inspections, repair/replacement of meters, and for the calibration and

City of St. Augustine, Florida
Letter of Transmittal

adjustment of meters, as necessary. This will ensure all revenue is captured and reduce the City's use of potable water for irrigation purposes.

A utility rate study is underway in 2014 expected to be completed in 2015 as well as a meter replacement feasibility study. Both studies should result in improved revenue outlook for the future with a replacement program combined with rate structure designed to meet operating and capital needs for the future.

West Augustine Community Redevelopment Area (CRA)

Work with the West Augustine community continues to encourage propagation of sewer service. The prospect of using State Revolving Loan Fund (SRF) did not materialize after the study determined that financial feasibility of the project would not meet SRF guidelines without substantial systemwide rate impact. This is primarily due to the significant number of vacant parcels within the CRA. The City is committed to work with the CRA and dedicate \$250,000 per year to be put towards sewer projects in West Augustine. The most recent project completed was the North Volusia Forcemain which opens up a recently improved intersection for development with the availability of sewer.

Pedestrian Way-Finding and Bicycle Safety

Visitors to downtown St. Augustine travel through the historic area primarily as pedestrians, and both residents and tourists travel on a bicycle. The City of St. Augustine is moving forward with functional bicycle parking facilities and has recently implemented of a way-finding signage system. Existing bicycle racks were the type referred to as 'wheelbenders' and were not well situated in the downtown area. Black finished, simple pole and ring bicycle parking areas have now been installed in at least five areas downtown that accommodate 10-12 bicycles each.

The installation of a new wayfinding signage system that directs visitors to historic properties in the downtown and uptown areas was completed. Sign types include blade signs installed on existing poles, map kiosk signs in a large and small format installed on new poles, and simplified map decals installed on selected parking paystations. The large and small formatted map kiosk signs include a map graphic, location identification, and a list of historic and governmental sites that meet the identification criteria established by the Planning Department.

MANAGEMENT DISCUSSION AND ANALYSIS

Included in the Financial Section of this Comprehensive Annual Financial Report is the Management Discussion and Analysis. This section provides a broad overview and analysis of the City's activities and should be used in conjunction with the Letter of Transmittal.

DEBT ADMINISTRATION

The City does not have any outstanding property tax supported debt. Each of the proprietary debt issues are considered to be self-supporting because revenues derived from operations provide for the debt requirements on an annual basis. A summary of outstanding bond issues and long-term notes payable as of September 30, 2014, for the City are as follows:

Outstanding Bond Issue	Balance
Water and Sewer Revenue, 2005	\$ 5,300,000
Fire Truck Lease Purchase	215,000
Public Service Tax and Guaranteed Entitlement, 2004	1,455,000
Public Service Tax and Guaranteed Entitlement, 2011	16,215,000
Public Service Tax and Guaranteed Entitlement, 2011B	8,840,000
Water and Sewer Revenue, 2012	14,515,000
Public Service Tax and Guaranteed Entitlement, 2013	20,315,000
Total Outstanding Bond Issues	\$ 66,855,000

The table below shows the City's debt service coverage for the Utility Fund for the year ended September 30, 2014.

Fiscal Year Ended	Gross Revenue	Operating Expenses	Net Revenue	Debt Service Requirements	Debt Service Coverage
2014	12,864,764	8,264,157	4,600,607	2,883,938	1.62

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of St. Augustine, Florida, for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013. This is the 22nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The presentation of this report, in a timely manner, was accomplished with the efficient and dedicated service of the City of St. Augustine's Finance, Budget and Management Department, and the CPA firm of Masters, Smith & Wisby, P.A.

We would like to express our appreciation to all members of the department who assisted and contributed to its preparation. We would also like to thank the Mayor and the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Mark R. Litzinger
Director, Finance, Budget & Management



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of St. Augustine
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

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Principal City Officials

City of St. Augustine

Comprehensive Annual Financial Report For the Year Ended September 30th, 2014

Principal City Officials

City Commission

Mayor-Commissioner.....	Joseph Boles
Vice Mayor-Commissioner.....	Nancy Sikes-Kline
Commissioner.....	Leanna Freeman
Commissioner.....	Roxanne Horvath
Commissioner.....	Donald Crichlow

City Staff

City Manager.....	John Regan
City Attorney.....	Isabelle Lopez
City Clerk.....	Alison Ratkovic
Assistant City Manager.....	Timothy Burchfield
Director, Finance, Budget & Management.....	Mark Litzinger
Police Chief.....	Loran Lueders
Fire Chief.....	James Costeira
Director, General Services.....	James Piggott
Director, Planning & Building.....	David Birchim
Director, Public Affairs.....	Paul Williamson
Director, Public Works.....	Martha Graham
Director, St. Augustine 450th Commemoration.....	Dana Ste Claire

City Boards & Committees

Civil Service Board
Code Enforcement, Adjustments & Appeals Board
Firefighters' Retirement Board of Trustees
General Employees' Retirement Board
Historic Architectural Review Board (HARB)
Parking & Traffic Committee
Planning & Zoning Board (PZB)
Police Officers' Retirement Board
Street Tree Advisory Committee (STAC)

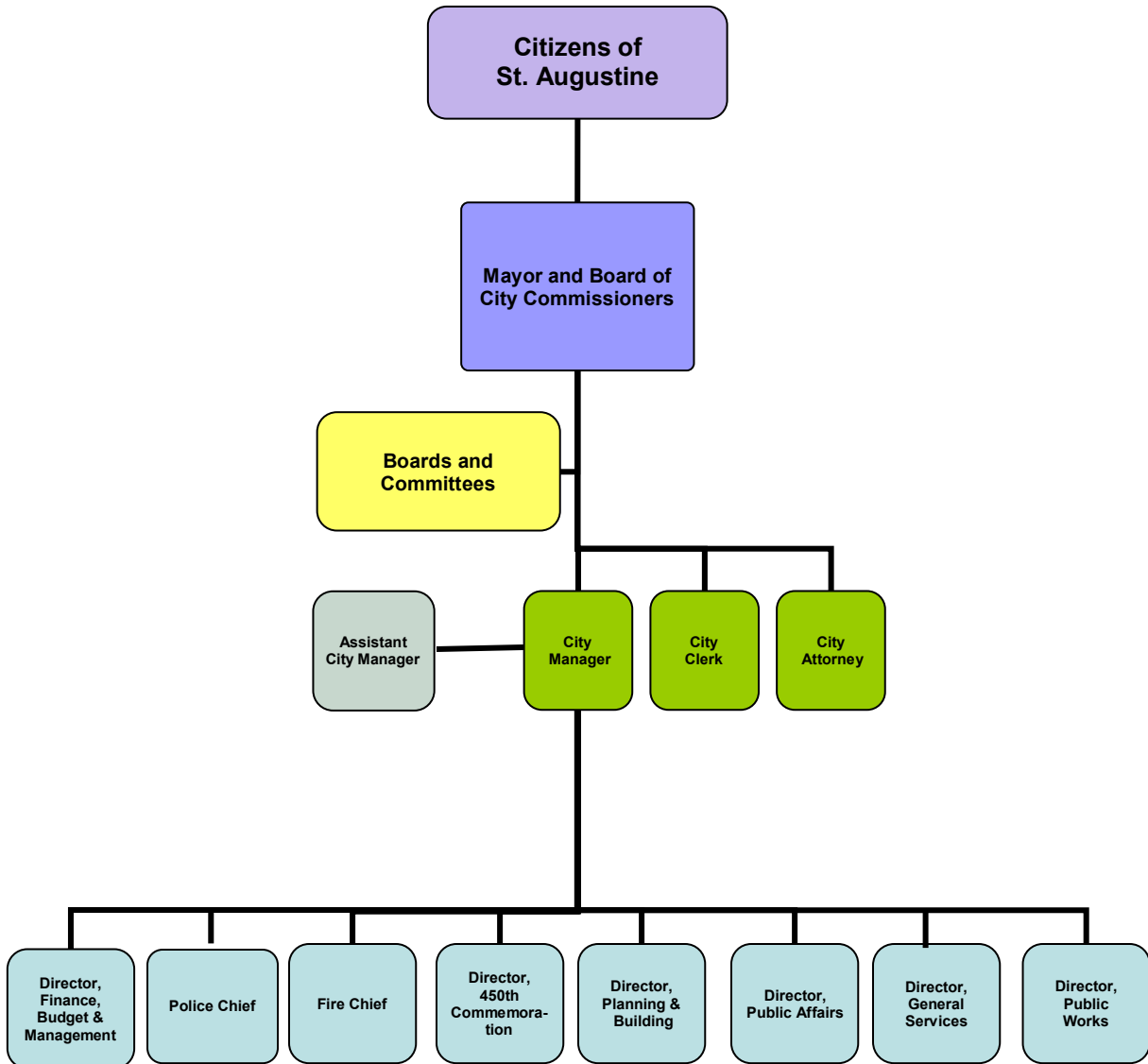
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Organizational Chart

City of St. Augustine

Comprehensive Annual Financial Report For the Year Ended September 30th, 2014

City Government Organizational Chart



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FINANCIAL SECTION

This Section Contains the Following:

Independent Auditors' Report

**Management Discussion and Analysis
(MD&A)**

Basic Financial Statements

**Required Supplementary Information
Other than MD&A**

Combining Statements

**Schedule of Expenditures of
Federal Awards and
State Financial Assistance**

Independent Auditors' Report



STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA
JEFFREY M. JACOBS, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of St. Augustine, Florida (the City) as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Fire Pension Trust Fund, which represents 19%, 19%, and 18%, respectively of the assets, net position and additions to the pension trust fiduciary fund. Those statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the Fire Pension Trust Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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JACKSONVILLE, FLORIDA 32256
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PONTE VEDRA OFFICE
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PONTE VEDRA BEACH, FL 32082
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014 and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and Community Redevelopment Agency special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

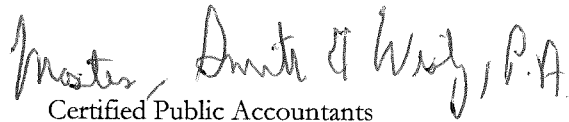
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements taken as a whole.


Certified Public Accountants
Jacksonville, Florida

March 27, 2015

Management Discussion & Analysis

Management Discussion and Analysis

The City of St. Augustine's Management Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of the City of St. Augustine's financial activities based on currently known facts, decisions and conditions. It is intended to provide a broad overview and short-term and long-term analysis of the City's activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position, distinguish material deviations from the approved budget and recognize any individual fund concerns.

The information contained within this MD&A is designed to focus on the current year's activities, resulting changes and currently known facts and is only a component of the entire financial statement report. We encourage readers to consider the information contained in this discussion in conjunction with additional information contained in our transmittal letter beginning on page one in the front of this report, and the City's financial statements beginning on page 55.

Financial Highlights

- The City's assets at the close of the most recent fiscal year exceeded its liabilities (reported as net position) by \$96,308,290. Of this amount, \$25,448,238 (unrestricted) can be used to meet the government's ongoing obligations to citizens and creditors. The City's net position increased by \$3,219,786 (or 3.5%) from the previous year. This can be primarily attributed to business-type activity revenue exceeding expenses by \$2,621,218 and governmental activity expenses that were \$559,613 lower than anticipated.
- Governmental net position increased by \$1,743,734 for the current fiscal year and governmental unrestricted net assets were equal to \$8,064,965 (a decrease of less than 1% from the previous year).
- Business-type net position increased by \$1,476,052 for the current fiscal year and business-type unrestricted net assets were equal to \$17,383,273 (an increase of 9.8% from the previous year).
- The governmental activities program revenue increased by \$1,195,411. This is mainly due to Capital Grants and Contributions of \$1,802,922 in the fiscal year. The current year's activities produced an increase in net assets of \$1,743,734 compared to the previous year's decrease of \$15,199,967. This decrease was due to the transfer of bond proceeds in the previous year.
- The business-type activities program revenue decreased by \$2,488,124 (or 9.4%). Business-type activities reported \$4,347,630 in Capital Grants and Contributions in the prior fiscal year. This year, *Capital Grants and Contributions* made up

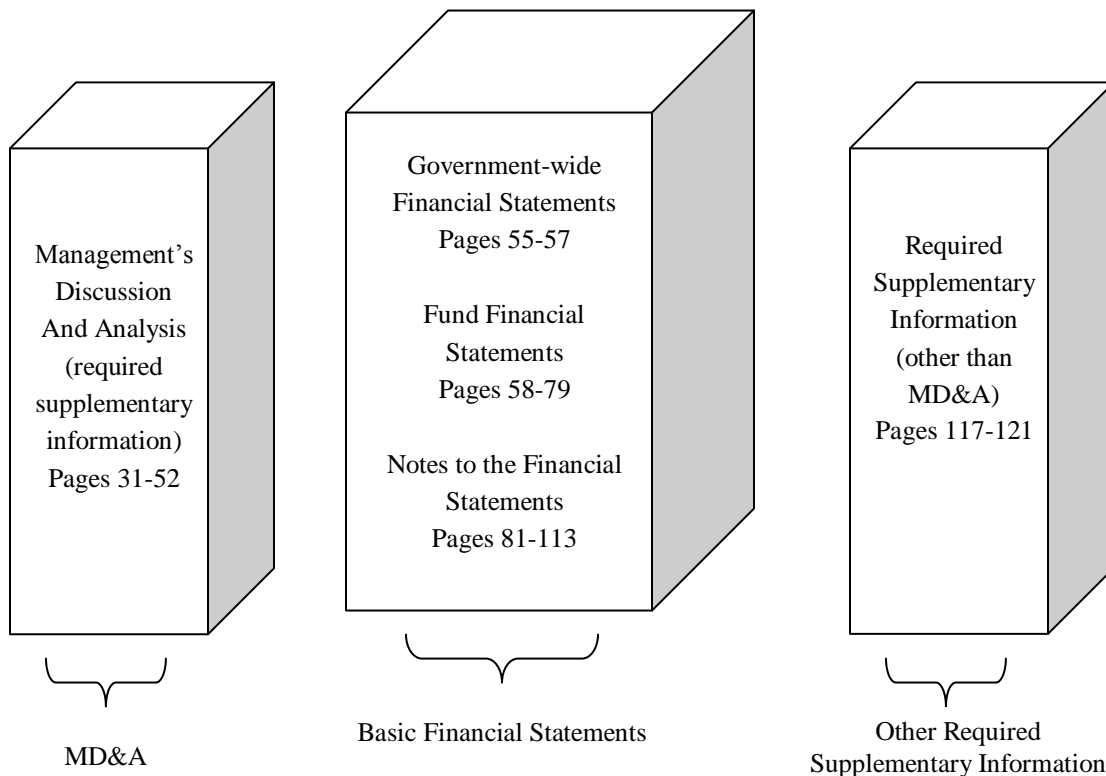
only \$1,311,505 of business-type activities revenue (a \$3,036,125 difference).
The current year's activities produced an increase in net assets of \$1,476,052.

- The City's total debt decreased by a net \$2,715,000 during the fiscal year.

Overview of the Financial Statements

Using the Annual Report

The following graphic is provided for your review to better understand this report's layout.



The City's basic financial statements are comprised of three components: Government-wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements. The report also includes Required Supplementary Information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements report on the City as a whole. The statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. There are two government-wide statements. Both distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Government-wide Financial Statements can be found on pages 55-57 of this report.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or weakening. However, other factors should be considered such as the condition of the City's capital assets to assess the overall health of the City.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The City chose to include the required budget-to-actual comparisons in the fund financial statements of its financial report. The City has three fund categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds report basic services, which focus on near-term inflows and outflows of available resources and their balances at year-end. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences are reconciled between government-wide activities (reported in the statement of net position and the statement of activities) and governmental funds on separate schedules following the respective governmental funds.

**City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014**

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City opted to report all funds as major funds which include the following: General Fund, Debt Service Fund, Special Revenue Fund, Capital Projects Fund and Permanent Fund.

The City of St. Augustine adopts an annual appropriated budget for its General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with their budget.

Proprietary funds are used to account for revenues and expenses from services provided on a user-charge basis to the public. Proprietary fund activities are reported on the same accounting basis and measurement focus as the statement of activities, which is similar to that found in the private sector and provides a periodic measurement of net income. The City's proprietary activities are accounted for in enterprise funds. The City opted to report all funds as major funds which include the following: Utility Fund, Stormwater Fund, Solid Waste Fund, Municipal Marina Fund and Visitor Information Center Fund.

Fiduciary funds report information about financial arrangements in which the City acts solely as an agent or trustee for others. The City is responsible for ensuring these resources are used for their intended purposes. Since the funds are not resources of the City, but are held for the benefit of others, we exclude these activities from the government-wide statements. The City's fiduciary funds include the following: General Pension Fund, Police Pension Fund and Fire Pension Fund.

Notes to the Financial Statements & Other Information

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The required supplementary information includes the schedules of funding progress and contributions for the fiduciary funds. The combining statements include the fiduciary funds combined but in more detail than the government-wide. Additional statistical information is presented to give users of the report a historical perspective and to assist in determining current financial trends of the City.

Financial Analysis

City as a whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$96,308,290 as of September 30, 2014. A portion of the City's net position of \$64,775,418 (or 67.3%), reflects its net investments in capital assets. The City uses capital assets to provide services to citizens; therefore, these assets are not available for future spending.

City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014

Restricted net position of the City in the amount of \$6,084,634 is reported in both governmental and business-type activities. This restricted net position has limits on its use that are externally imposed.

Unrestricted net position of the City in the amount of \$25,448,238 can be used to meet the City's ongoing obligations to citizens and creditors. The terms restricted and unrestricted are governed by generally accepted accounting principles and do not fully consider City management decisions regarding spending limitations. Accounting principles may not restrict some amounts that have been earmarked for future uses governed by policy decisions and plans.

City of St. Augustine

Summary of Net Assets as of September 30th, 2014, with comparative data for 2013 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2104	2013
Current and Other Assets	\$ 14,247	\$ 39,762	\$ 23,774	\$ 132,515	\$ 38,021	\$ 172,276
Capital Assets	27,178	24,938	106,571	106,208	133,749	131,146
Total Assets	41,425	64,700	130,346	238,722	171,771	303,422
Unamortized Loss on Refunding	-	-	1,515	1,666	1,515	1,666
Total Deferred Outflow of Resou	-	-	1,515	1,666	1,515	1,666
Current and Other Liabilities	4,244	28,251	5,878	52,664	10,122	80,916
Long-term Debt Outstanding	23,926	24,107	42,929	45,463	66,855	69,570
Total Liabilities	28,170	52,358	48,807	98,127	76,977	150,486
Net Position:						
Invested in Capital Assets, Net of Related Debt	2,977	1,503	61,798	60,745	64,775	62,248
Restricted	2,212	1,937	3,872	4,994	6,085	6,931
Unrestricted	8,065	8,071	17,383	15,839	25,448	23,910
Total Net Position	\$ 13,255	\$ 11,511	\$ 83,054	\$ 81,578	\$ 96,308	\$ 93,089

City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014

As noted earlier, the statement of activities presents information showing how the government's net position changed during the most recent fiscal year.

Statement of Activities for the year ended September 30th, 2014, with comparative data for 2013
(in thousands)

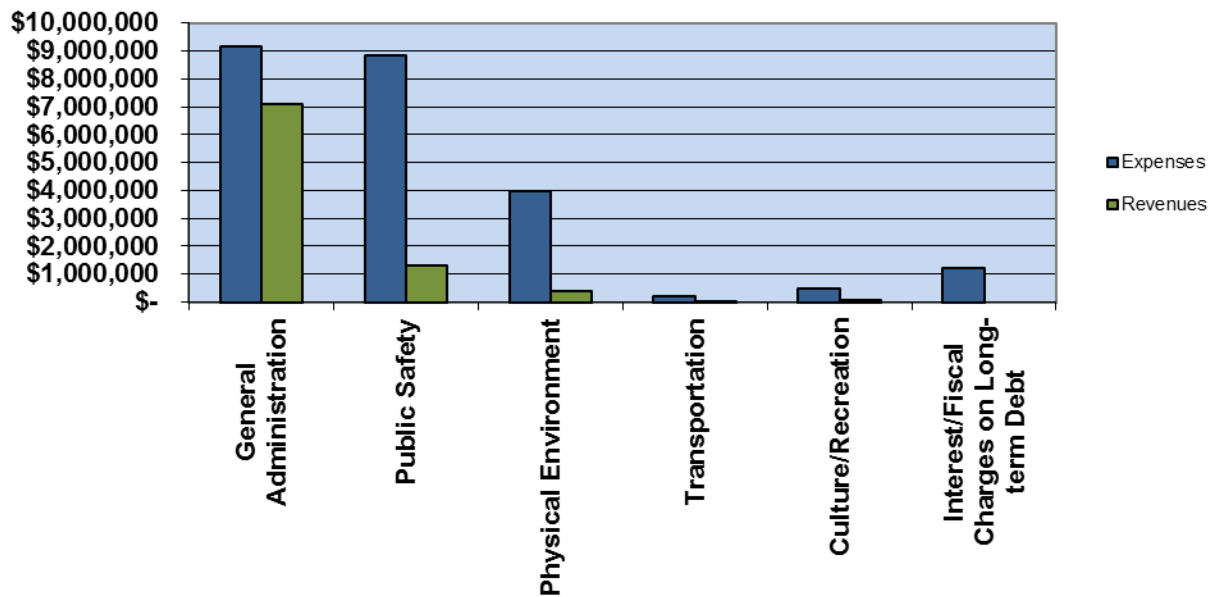
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services	\$ 7,017	\$ 7,456	\$ 23,098	\$ 22,086	\$ 30,115	\$ 29,542
Operating Grants and Contributions	76	81	-	-	76	81
Capital Grants and Contributions	1,803	164	1,312	4,347	3,115	4,511
General Revenues:						
Taxes	12,382	12,054	-	-	12,382	12,054
Fees	1,450	1,368	-	-	1,450	1,368
Revenue Sharing	554	549	-	-	554	549
Investment Income	52	29	35	52	87	81
Miscellaneous	1,133	999	-	-	1,133	999
Total Revenues	24,467	22,700	24,445	26,485	48,912	49,185
Program Expenses Including						
Indirect Expenses						
General Administration	9,150	10,348	-	-	9,150	10,348
Public Safety	8,849	8,439	-	-	8,849	8,439
Physical Environment	3,982	3,681	-	-	3,982	3,681
Transportation	228	202	-	-	228	202
Culture/Recreation	471	485	-	-	471	485
Interest/Fiscal Charges on Long-term Debt	1,224	1,200	-	-	1,224	1,200
Utilities	-	-	12,058	12,131	12,058	12,131
Stormwater	-	-	741	630	741	630
Solid Waste	-	-	3,120	3,275	3,120	3,275
Municipal Marina	-	-	2,347	2,243	2,347	2,243
Visitor Information Center	-	-	3,522	3,606	3,522	3,606
Total Expenses	23,904	24,355	21,788	21,885	45,692	46,240
Increase in Net Position Before Transfers	563	(1,655)	2,657	4,600	3,220	2,945
Transfers	1,181	(13,545)	(1,181)	13,545	-	-
Increase (Decrease) in Net Position	1,744	(15,200)	1,476	18,145	3,220	2,945
Net Position - Beginning, as Restated	11,511	26,711	81,578	63,433	93,089	90,144
Net Assets - Ending	\$ 13,255	\$ 11,511	\$ 83,054	\$ 81,578	\$ 96,309	\$ 93,089

Governmental Activities

Governmental activities caused an increase in the City’s net position of \$1,743,734. This increase can be attributed to capital grants that were received during the fiscal year and a slight reduction in program expenses as compared to the previous fiscal year.

Program revenues are revenues that can be assigned or are attributable to a specific program. These revenues account for \$8,895,886 (or 36.4%) of total governmental activities revenue. The chart below shows governmental activities by program with their respective expenses and revenues.

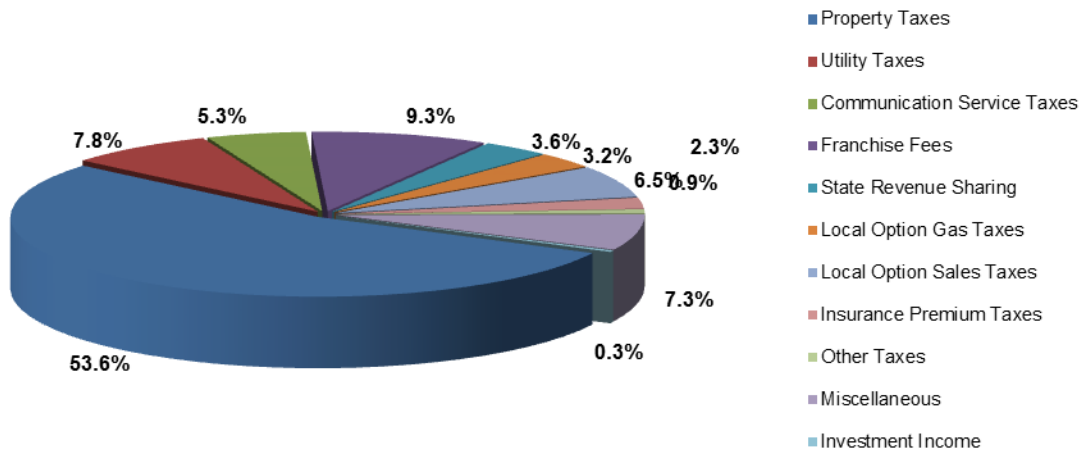
Program Expenses and Revenues - Governmental Activities



**City of St. Augustine, Florida
 Management Discussion and Analysis
 For the year ended September 30, 2014**

General revenues are revenues that fail to meet the criteria of program specific revenues. General revenues account for \$15,571,363 (or 63.6%) of total governmental activities revenue. The chart below shows total general revenues by category.

General Revenues - Governmental Activities



Business-type Activities

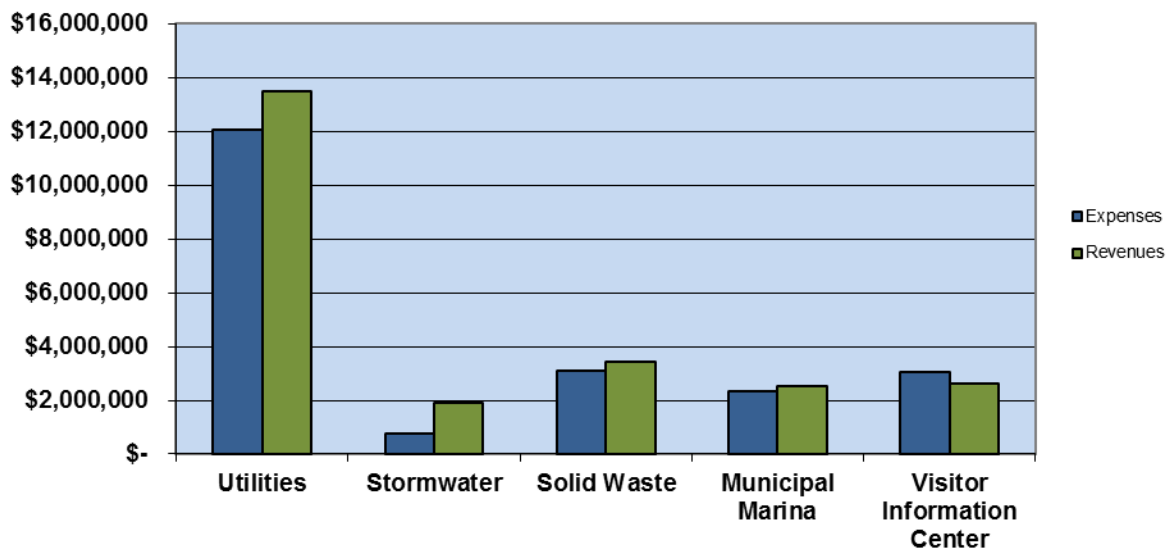
Business-type activities increased the City’s net position by \$1,476,052. Key elements of this increase are as follows:

- The Utility Fund had operating income of \$1,861,941.
- The Stormwater Fund received capital grants and contribution of \$1,031,146.
- The Visitor Information Fund had operating income of \$774,770, but also had interest expense of \$948,565 and a loss on the disposition of fixed assets of \$460,776. These items resulted in a decrease in net position for this fund of \$779,509.

**City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014**

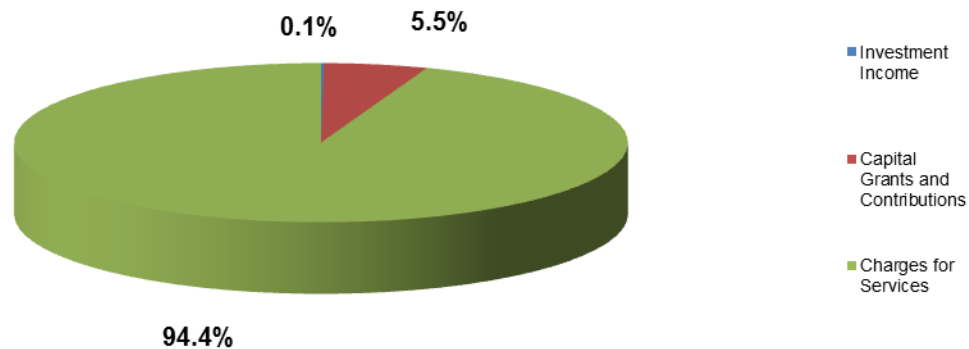
Program revenues are revenues that can be assigned or are attributable to a specific program. These revenues account for \$24,409,350 (or 99.9%) of total business-type activities revenue. The chart below shows business-type activities by program with their respective expenses and revenues.

Program Expenses and Revenues - Business-type Activities



Total revenues for business-type activities amounted to \$24,449,910. Below is a chart depicting business-type activities by source.

Revenues by Source - Business-type Activities



Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,081,320, a decrease of \$733,409 (5.9%) from the previous fiscal year. The key element of this decrease was the spending of General Fund reserves on capital projects.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$798,893 while the total fund balance was \$9,931,414. While the total fund balance shows a decrease of \$302,398 (3%) from the previous fiscal year, the unassigned fund balance of the General Fund shows a decrease of \$7,272,222

**City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014**

(90%) as compared to the previous year. This decrease is due to the assignment of the City's emergency reserves to Committed Fund Balance. In 2013, the City Commission established a minimum Committed Fund Balance in the General Fund Reserve in an amount equal to no less than 33.33% (4 months') of the City's budgeted general operating revenues as the emergency reserve level. See page 87 in the Notes to the Financial Statements.

The \$302,398 decrease in total fund balance can be attributed to transfers of \$754,433 that were made from the General Fund to the Capital Projects Fund. These projects are detailed in the discussion of the Capital Projects Fund below.

As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the total fund expenditures.

The Debt Service Fund is the fund used to set aside resources to meet current debt service requirements on general long-term debt.

The Special Revenue Fund maintains certain revenue raised to be used for a specific purpose. The City's Special Revenue Fund reports the Historic Area Community Redevelopment Area and the Lincolnville Community Redevelopment Area.

The Capital Projects Fund is used to report major capital acquisitions and construction separately from ongoing operating activities. Projects reported here are funded by transfers from the General Fund, grants and bond funds.

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support the City's programs. At the end of the current fiscal year, the total fund balance was \$312,977. The fund balance increased by \$249,148 over the previous year. This increase is due to interest earned on the Anderson and Woodman Trust Funds throughout the year and the transfer of the Sanchez House Trust from the Heritage Tourism Fund to the Permanent Fund.

City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014

Proprietary Funds

The City's proprietary funds provide the same type of information provided in the government-wide statements, but in more detail. The tables below list the net position summaries for the various enterprise funds.

**Summary of Change in Net Position - Proprietary Funds
For the Year Ended September 30, 2014
(in thousands)**

	Utility	Storm Water Drainage	Solid Waste	Municipal Marina	Visitor Information Center	Total Proprietary
Net Position - Beginning	\$ 63,284	\$ 14,057	\$ 3,439	\$ 3,610	\$ (2,812)	\$ 81,578
Change in Net Position	1,083	1,005	148	19	(779)	1,476
Net Position - Ending	\$ 64,367	\$ 15,062	\$ 3,587	\$ 3,629	\$ (3,591)	\$ 83,054

Net Position As of September 30, 2014

	Utility	Storm Water Drainage	Solid Waste	Municipal Marina	Visitor Information Center	Total Proprietary
Invested in Capital Assets,						
Net of Related Debt	\$ 47,452	\$ 13,156	\$ 1,214	\$ 3,913	\$ (3,936)	\$ 61,799
Restricted	3,872	-	-	-	-	3,872
Unrestricted	13,043	1,906	2,373	(284)	345	17,383
Total Net Position	\$ 64,367	\$ 15,062	\$ 3,587	\$ 3,629	\$ (3,591)	\$ 83,054

**City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014**

Cumulatively, the proprietary funds had a \$1,476,052 increase in net assets. Key factors pertaining to this increase are as follows:

- The Utility Fund had operating income of \$1,861,941 and capital grants and other capital contributions of \$276,176. Interest expense of \$731,639 was charged to the Utility Fund as well.
- The Stormwater Fund received \$1,031,146 in capital grants that are being used for infrastructure projects.
- The Solid Waste Fund had operating income of \$303,809.
- The Municipal Marina Fund had operating income of \$179,074.
- The Visitor Information Center Fund had operating income of \$774,770. Interest expense of \$948,565 and a loss on the disposition of assets of \$460,776 were also charged to the Visitor Information Center Fund.
- The operating income of each fund is structured so that it meets or exceeds operating expenses. Operating income that exceeds operating expense is used to meet non-operating needs such as interest expense and transfers out to other funds.

General Fund Budgetary Highlights

There are no material differences between the original budget and the final amended budget for appropriations (expenditures) in the General Fund. There were no material budgetary changes to the General Fund budgets and all budgetary policies and controls were adhered to throughout the year. (See budget to actual comparison on page 65.)

**City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014**

Capital Asset and Long-term Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014, amounts to \$133,749,096 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was 2%.

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 5,958,730	\$ 5,958,730	\$ 1,145,803	\$ 1,145,803	\$ 7,104,533	\$ 7,104,533
Buildings	8,993,939	9,353,381	35,317,219	35,402,245	44,311,158	44,755,626
Infrastructure	9,174,522	6,931,867	61,288,147	50,796,775	70,462,669	57,728,642
Machinery	1,071,672	1,030,554	1,787,507	1,775,671	2,859,179	2,806,225
Total	25,198,863	23,274,532	99,538,676	89,120,494	124,737,539	112,395,026
Work in Progress	1,979,004	1,663,842	7,032,553	17,087,301	9,011,557	18,751,143
Total	<u>\$ 27,177,867</u>	<u>\$ 24,938,374</u>	<u>\$ 106,571,229</u>	<u>\$ 106,207,795</u>	<u>\$ 133,749,096</u>	<u>\$ 131,146,169</u>

The following reconciliation summarizes the change in capital assets, which is presented in detail on pages 91-93 of the Notes to the Financial Statements.

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$ 24,938,374	\$ 106,207,798	\$ 131,146,172
Additions	3,633,480	5,335,219	8,968,699
Retirement	(32,482)	(499,860)	(532,342)
Depreciation	(1,361,505)	(4,471,928)	(5,833,433)
Ending Balance	<u>\$ 27,177,867</u>	<u>\$ 106,571,229</u>	<u>\$ 133,749,096</u>

**City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014**

The City currently has the following construction work-in-progress:

Abbot Tract Water Main	\$ 581,804
Arpieka & Zorayda Watermain Improvements	26,436
Basin 22 Sewer Rehab	244,691
Downtown Improvement District General	757,501
Downtown Improvement District Stormwater	242,338
Downtown Improvement District Utilities	363,170
Fullerwood Neighborhood Water Main	108,018
Lightner Roof Repairs	1,151,473
LRPO Concentrate Disposal Permitting	119,018
Magnolia Water Main Improvements	66,856
Masters Drive Sewer Rehabilitation	117,330
North City Stormwater	5,553
North City Watermain	239,125
North Volusia Forcemain	34,239
Palmer/Masters Drive Watermain Replacement	653,433
Paracetic Acid Bulk Storage	6,650
Paving Project Utilities	103,137
Riberia Street Phase II Stormwater	2,154,538
Riberia Street Phase II Utility	1,643,673
Seawall Connectivity	26,361
South Dixie Highway Improvements	128,707
SR 207 Watermain Relocation	67,662
Transit in Parks	70,030
US1 Interconnect & North Tank Improvements	68,297
WWTP Outfall Repair	31,517
 Total	 <u><u>\$ 9,011,557</u></u>

Major capital asset events during the current fiscal year included the following:

Marina Improvements	\$ 2,539,319
Sea Wall Rehabilitation	6,712,798
VIC Expansion and Renovation	1,348,179
	<u><u>\$10,600,296</u></u>

City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014

Long-Term Debt

At the end of fiscal year 2014, the City had total debt outstanding of \$66,855,000. All of this debt is secured solely by specified revenue sources. More detail on the long-term debt is presented on pages 94-100 of the Notes to the Financial Statements.

Outstanding Debt at Year-end

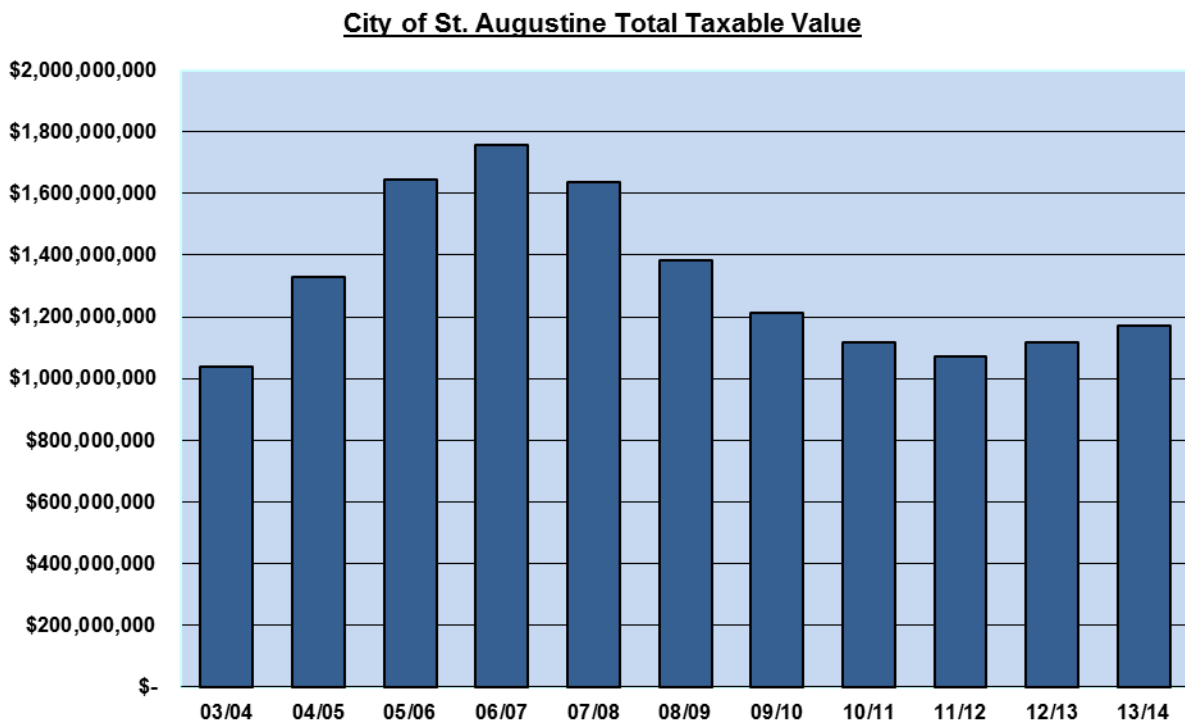
	<u>2014</u>	<u>2013</u>
Governmental:		
Revenue Bonds	\$ 23,710,793	\$ 24,106,979
Fire Truck Loan	215,000	-
Business Type:		
Water & Sewer Revenue Bonds	19,815,000	21,800,000
Municipal Marina Revenue Bonds	321,152	463,985
Visitor Information Center Revenue Bonds	22,793,055	23,199,036
Total	\$ 66,855,000	\$ 69,570,000

Economic Factors

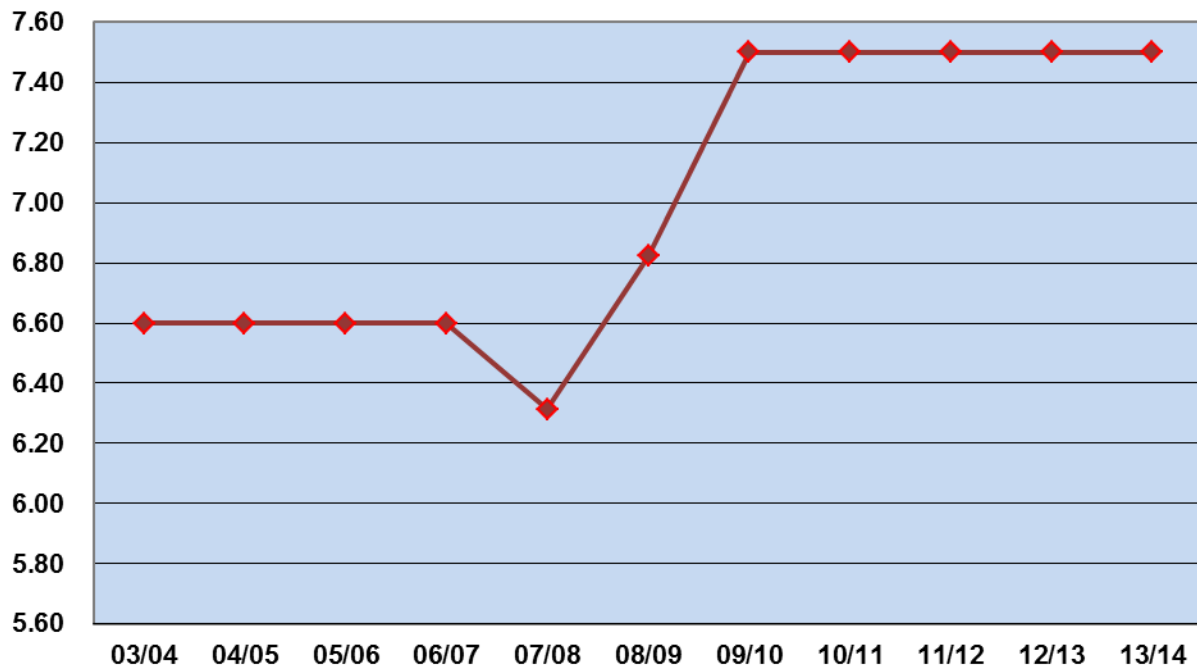
The City primarily relies on property and a limited array of permitted or other taxes and fees for governmental activities. There are a number of state-shared revenues and recurring and non-recurring grants from both the state and federal governments. In addition to new construction and renovations, the tax values of existing properties have seen a minimal increase. This trend is expected to continue in the 2014-2015 fiscal year.

The City regularly competes with the County for growth and expansion of services in an attempt to offset cost and lower customer fees. The level of taxes, fees and charges for services will have a bearing on the City's specific competitive ability to annex additional land into its corporate limits and encourage development to locate within its jurisdiction.

City of St. Augustine, Florida
Management Discussion and Analysis
For the year ended September 30, 2014



Property Tax Rate Comparison



Financial Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact the Finance, Budget & Management office located at the Financial Services Center, 50 Bridge Street, St. Augustine, Florida 32084, (904) 825-1030.

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Basic Financial Statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Net Position
September 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,859,964	\$ 16,875,374	\$ 27,735,338
Receivables (Net)	1,454,594	2,986,626	4,441,220
Due from Other Governments	-	-	-
Internal Balances	217,441	(217,441)	-
Inventories	611,777	257,527	869,304
Prepaid Items	22,847	-	22,847
Net Pension Assets	712,646	-	712,646
Restricted Assets:			
Cash and Cash Equivalents	367,812	3,872,255	4,240,067
Capital Assets:			
Non-Depreciable	7,937,734	8,178,356	16,116,090
Depreciable (Net)	19,240,133	98,392,873	117,633,006
Total Assets	41,424,948	130,345,570	171,770,518
DEFERRED OUTFLOW OF RESOURCES			
Unamortized Loss on Refunding	-	1,514,938	1,514,938
LIABILITIES			
Accounts Payable and Accrued Expenses	1,604,144	1,408,649	3,012,793
Deposits	-	424,282	424,282
Unearned Revenue	128,971	1,709	130,680
Non-Current Liabilities:			
Due Within One Year:			
Compensated Absences	76,872	34,890	111,762
Bonds Payable	442,787	2,627,167	3,069,954
Unamortized Bond Premium (Discount)	(42,872)	274,060	231,188
Due in More Than One Year			
Net Retiree Healthcare Obligation	657,293	-	657,293
Net Pension Obligation	83,746	-	83,746
Compensated Absences	2,147,462	649,283	2,796,745
Bonds Payable	23,483,005	40,302,041	63,785,046
Unamortized Bond Premium (Discount)	(411,150)	3,084,827	2,673,677
Total Liabilities	28,170,258	48,806,908	76,977,166
NET POSITION			
Net Investment in Capital Assets	2,977,346	61,798,072	64,775,418
Restricted for:			
Expendable			
Capital Projects	1,194,265	-	1,194,265
Renewal and Replacement	-	3,431,318	3,431,318
Other	70,933	440,937	511,870
Non-Expendable			
Permanent Fund	312,977	-	312,977
Inventories	611,777	-	611,777
Prepaid Expenditures	22,427	-	22,427
Unrestricted	8,064,965	17,383,273	25,448,238
Total Net Position	\$ 13,254,690	\$ 83,053,600	\$ 96,308,290

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Activities
For Year Ended September 30, 2014

FUNCTION/PROGRAM ACTIVITIES	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General Government	\$ 9,149,516	\$ 5,242,227	\$ 50,000	\$ 1,802,922
Public Safety	8,849,287	1,276,156	26,355	
Physical Environment	3,982,210	398,924	-	-
Transportation	228,646	22,345	-	-
Culture/Recreation	470,912	76,957	-	-
Interest/Fiscal Charges on Long-term Debt	1,223,670	-	-	-
Total Governmental Activities	23,904,241	7,016,609	76,355	1,802,922
Business-type Activities:				
Utilities	12,058,491	13,221,276	-	276,176
Stormwater	741,027	875,456	-	1,031,146
Solid Waste	3,119,931	3,426,928	-	-
Municipal Marina	2,347,222	2,508,038	-	4,183
Visitor Information Center	3,521,461	3,066,147	-	-
Total Business-type Activities	21,788,132	23,097,845	-	1,311,505
Total Primary Government	\$ 45,692,373	\$ 30,114,454	\$ 76,355	\$ 3,114,427

General Revenues:

- Property Taxes
- Utility Taxes
- Communication Service Taxes
- Franchise Fees
- State Revenue Sharing, Unrestricted
- Local Option Gas Taxes
- Local Option Sales Taxes
- Insurance Premium Taxes
- Other Taxes
- Miscellaneous
- Investment Income

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes to basic financial statements

**Net (Expense) Revenue and
Changes in Net Position
Primary Government**

Governmental Activities	Business-type Activities	Total
\$ (2,054,367)	\$ -	\$ (2,054,367)
(7,546,776)	-	(7,546,776)
(3,583,286)	-	(3,583,286)
(206,301)	-	(206,301)
(393,955)	-	(393,955)
(1,223,670)	-	(1,223,670)
(15,008,355)	-	(15,008,355)
-	1,438,961	1,438,961
-	1,165,575	1,165,575
-	306,997	306,997
-	164,999	164,999
-	(455,314)	(455,314)
-	2,621,218	2,621,218
(15,008,355)	2,621,218	(12,387,137)
8,353,876	-	8,353,876
1,206,942	-	1,206,942
818,429	-	818,429
1,449,609	-	1,449,609
554,391	-	554,391
502,418	-	502,418
1,004,972	-	1,004,972
354,175	-	354,175
142,021	-	142,021
1,132,850	-	1,132,850
51,680	35,560	87,240
1,180,726	(1,180,726)	-
16,752,089	(1,145,166)	15,606,923
1,743,734	1,476,052	3,219,786
11,510,956	81,577,548	93,088,504
\$ 13,254,690	\$ 83,053,600	\$ 96,308,290

CITY OF ST. AUGUSTINE, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2014

	General	Debt Service	Special Revenue
ASSETS			
Cash and Cash Equivalents	\$ 9,642,622	\$ -	\$ 36,093
Receivables (Net of Allowance for Uncollectibles)	909,122	-	-
Due from Other Funds	217,790	-	-
Due from Other Governments	-	-	-
Inventories, At Cost	611,777	-	-
Prepaid Expenditures	22,427	-	420
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Total Assets	\$ 11,403,738	\$ -	\$ 36,513
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,262,293	\$ 250	\$ -
Unearned Revenue	128,971	-	-
Accrued Expenditures	81,060	-	-
Due to Other Funds	-	180	-
Total Liabilities	1,472,324	430	-
Fund Balances:			
Nonspendable:			
Inventories	611,777	-	-
Prepaid Expenditures	22,427	-	-
Trust Funds	-	-	-
Restricted for:			
Police Education/Confiscation/Donations	70,933	-	-
Bond Projects	-	-	-
Committed	7,871,887	-	36,513
Assigned	555,497	-	-
Unassigned	798,893	(430)	-
Total Fund Balances	9,931,414	(430)	36,513
Total Liabilities and Fund Balances	\$ 11,403,738	\$ -	\$ 36,513

See accompanying notes to basic financial statements

Capital Projects	Permanent	Total Governmental
\$ 1,181,429	\$ -	\$ 10,860,144
545,472	-	1,454,594
-	-	217,790
-	-	-
-	-	611,777
-	-	22,847
54,486	313,326	367,812
\$ 1,781,387	\$ 313,326	\$ 13,534,964

\$ 260,541	\$ -	\$ 1,523,084
-	-	128,971
-	-	81,060
-	349	529
260,541	349	1,733,644

-	-	611,777
-	-	22,427
-	312,977	312,977
-	-	70,933
1,194,265	-	1,194,265
326,581	-	8,234,981
-	-	555,497
-	-	798,463
1,520,846	312,977	11,801,320
\$ 1,781,387	\$ 313,326	\$ 13,534,964

CITY OF ST. AUGUSTINE, FLORIDA
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2014

Total Governmental Fund Balances \$ 11,801,320

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	50,687,494	
Less accumulated depreciation	(23,509,627)	
	27,177,867	
		27,177,867

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities (net of discounts/premiums and deferred amounts on refunding) at year-end consist of:

Governmental bonds payable	(23,471,770)	
Compensated absences	(2,224,334)	
	(25,696,104)	
		(25,696,104)

Net pension assets/obligations and net insurance assets/obligations are not reported as assets/liabilities of the governmental funds.

Net pension assets (obligations)	628,900	
Net retiree healthcare assets (obligations)	(657,293)	
	(28,393)	
		(28,393)

Net Position of Governmental Activities **\$ 13,254,690**

See accompanying notes to basic financial statements

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CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2014

	General	Debt Service	Special Revenue
REVENUES			
Ad Valorem Taxes	\$ 8,136,439	\$ -	\$ 217,437
Sales, Use and Gas Taxes	856,593	-	-
Utility and Communications Service Taxes	2,025,371	-	-
Grants	230,349	-	-
Intergovernmental	1,730,263	-	-
Franchise Fees	1,449,609	-	-
Licenses, Permits and Other Fees	3,311,097	-	-
Fines and Forfeitures	282,512	-	-
Administrative Overhead Charges	2,134,031	-	-
Investment Income	48,134	-	757
Miscellaneous	2,392,080	-	-
Total Revenues	22,596,478	-	218,194
EXPENDITURES			
Current Operating:			
General Government	7,782,616	-	-
Public Safety	8,858,310	-	-
Physical Environment	3,883,309	-	-
Transportation	223,122	-	-
Culture/Recreation	471,297	-	-
Capital Outlay	639,783	-	-
Debt Service:			
Principal Retirement	-	396,186	-
Interest and Other	-	1,223,670	-
Total Expenditures	21,858,437	1,619,856	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	738,041	(1,619,856)	218,194
OTHER FINANCING SOURCES (USES)			
Borrowing from capitalized lease	215,000	-	-
Transfers In	2,458,674	1,619,426	306,124
Transfers (Out)	(3,714,113)	-	(492,515)
Total Other Financing Sources (Uses)	(1,040,439)	1,619,426	(186,391)
Net Change in Fund Balances	(302,398)	(430)	31,803
Fund Balances - Beginning	10,233,812	-	4,710
FUND BALANCES - ENDING	\$ 9,931,414	\$ (430)	\$ 36,513

See accompanying notes to basic financial statements

Capital Projects	Permanent	Total Governmental
\$ -	\$ -	\$ 8,353,876
-	-	856,593
-	-	2,025,371
1,648,928	-	1,879,277
-	-	1,730,263
-	-	1,449,609
865	-	3,311,962
-	-	282,512
-	-	2,134,031
2,338	451	51,680
-	-	2,392,080
1,652,131	451	24,467,254
282,022	-	8,064,638
-	-	8,858,310
-	-	3,883,309
-	-	223,122
-	-	471,297
2,836,074	-	3,475,857
-	-	396,186
-	-	1,223,670
3,118,096	-	26,596,389
(1,465,965)	451	(2,129,135)
-	-	215,000
754,433	248,697	5,387,354
-	-	(4,206,628)
754,433	248,697	1,395,726
(711,532)	249,148	(733,409)
2,232,378	63,829	12,534,729
\$ 1,520,846	\$ 312,977	\$ 11,801,320

CITY OF ST. AUGUSTINE, FLORIDA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$ (733,409)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital and related assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Expenditures for capital assets	3,633,480	
Less: current year depreciation and amortization	<u>(1,361,505)</u>	2,271,975

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.

Cost of capital assets sold or retired net	<u>(32,482)</u>	(32,482)
--	-----------------	----------

Borrowing and repayment of bond principal is either a revenue or an expenditure in the governmental funds, the borrowing and repayment of principal either increases or reduces long-term liabilities in the statement of net assets.

Issuance of new debt	(215,000)	
Payment on debt	396,186	
Amortization of discount and premium	<u>(42,873)</u>	138,313

Government funds do not report negative net pension obligations or net insurance obligations as assets/liabilities of the general fund.

Net pension asset (obligation)	144,574	
Net retiree healthcare asset (obligation)	<u>(122,109)</u>	22,465

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in long-term compensated absences	<u>76,872</u>	76,872
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Change in Net Position of Governmental Activities	<u><u>\$ 1,743,734</u></u>
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See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 11,070,867	\$ 11,070,867	\$ 11,018,403	\$ (52,464)
Intergovernmental	2,172,040	2,222,040	1,960,612	(261,428)
Licenses, Permits and Fees	4,687,959	4,697,959	4,760,706	62,747
Fines and Forfeitures	247,400	243,650	282,512	38,862
Administrative Service Charges	2,134,031	2,134,031	2,134,031	-
Investment Income	18,886	18,886	48,134	29,248
Miscellaneous	1,842,830	2,270,242	2,392,080	121,838
Total Revenues	22,174,013	22,657,675	22,596,478	(61,197)
EXPENDITURES				
Current Operating:				
General Government	7,655,047	7,958,389	7,782,616	175,773
Public Safety	9,136,228	9,195,649	8,858,310	337,339
Physical Environment	3,888,557	3,921,169	3,883,309	37,860
Transportation	211,800	216,340	223,122	(6,782)
Culture/Recreation	489,836	494,736	471,297	23,439
Capital Outlay	492,920	631,767	639,783	(8,016)
Total Expenditures	21,874,388	22,418,050	21,858,437	559,613
Excess of Revenues Over Expenditures	299,625	239,625	738,041	498,416
OTHER FINANCING SOURCES (USES)				
Transfers In	2,542,417	3,356,850	2,458,674	(898,176)
Transfers (Out)	(2,842,042)	(3,596,475)	(3,714,113)	(117,638)
Borrowing from Capitalized Lease	-	-	215,000	215,000
Total Other Financing Sources (Uses)	(299,625)	(239,625)	(1,040,439)	(800,814)
Net Change in Fund Balances	-	-	(302,398)	(302,398)
Fund Balances - Beginning	10,233,812	10,233,812	10,233,812	-
FUND BALANCES - ENDING	\$ 10,233,812	\$ 10,233,812	\$ 9,931,414	\$ (302,398)

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Fund - Community Redevelopment Agency
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 220,001	\$ 220,001	\$ 217,437	\$ (2,564)
Investment Income	-	-	757	757
Total Revenues	220,001	220,001	218,194	(1,807)
EXPENDITURES				
Current Operating:				
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	220,001	220,001	218,194	(1,807)
OTHER FINANCING SOURCES (USES)				
Transfers In	306,124	306,124	306,124	-
Transfers (Out)	(526,125)	(526,125)	(492,515)	33,610
Total Other Financing Sources (Uses)	(220,001)	(220,001)	(186,391)	33,610
Net Change in Fund Balances	-	-	31,803	31,803
Fund Balances - Beginning	4,710	4,710	4,710	-
FUND BALANCES - ENDING	\$ 4,710	\$ 4,710	\$ 36,513	\$ 31,803

See accompanying notes to basic financial statements

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CITY OF ST. AUGUSTINE, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2014

	Utility	Stormwater Drainage	Solid Waste
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 12,699,726	\$ 1,485,578	\$ 2,299,101
Accounts Receivable (Net)	2,052,904	630,024	289,487
Due from Other Funds	50,000	-	-
Inventories, at Cost	82,162	-	-
Total Current Assets	14,884,792	2,115,602	2,588,588
Non-Current Assets:			
Restricted Assets			
Cash and Cash Equivalents	3,872,255	-	-
Total Restricted Assets	3,872,255	-	-
Property, Plant and Equipment:			
Land and Improvements	1,145,803	-	-
Buildings and Structures	30,889,905	-	333,163
Infrastructure	78,009,723	11,320,152	51,154
Machinery and Equipment	3,014,237	284,337	3,131,528
Construction in Progress	4,475,056	2,531,137	-
Accumulated Depreciation	(48,888,556)	(979,668)	(2,302,154)
Net Property, Plant and Equipment:	68,646,168	13,155,958	1,213,691
Total Non-Current Assets	72,518,423	13,155,958	1,213,691
Total Assets	87,403,215	15,271,560	3,802,279
DEFERRED OUTFLOW OF RESOURCES			
Unamortized Loss on Refunding	518,592	-	-
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 1,071,873	\$ 171,040	\$ 95,034
Customer Deposits	424,282	-	-
Revenue Bonds Payable, Current Portion	2,065,000	-	-
Unamortized Bond Premium (Discount), Current Portion	230,584	-	-
Unearned Revenues - Other	1,015	-	-
Due to Other Funds	-	-	-
Compensated Absences, Current Portion	14,170	1,782	8,375
Total Current Liabilities	3,806,924	172,822	103,409
<i>(Continued)</i>			

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
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\$ 27,139	\$ 363,830	\$ 16,875,374
9,596	4,615	2,986,626
-	-	50,000
79,209	96,156	257,527
115,944	464,601	20,169,527

-	-	3,872,255
-	-	3,872,255

-	-	1,145,803
2,921,408	25,232,579	59,377,055
4,573,028	1,321,424	95,275,481
149,306	23,288	6,602,696
26,360	-	7,032,553
(3,443,913)	(7,248,068)	(62,862,359)
4,226,189	19,329,223	106,571,229
4,226,189	19,329,223	110,443,484
4,342,133	19,793,824	130,613,011

-	996,346	1,514,938
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\$ 46,155	\$ 24,547	\$ 1,408,649
-	-	424,282
152,539	409,628	2,627,167
(2,771)	46,247	274,060
694	-	1,709
267,441	-	267,441
3,627	6,936	34,890
467,685	487,358	5,038,198

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Net Position
Proprietary Funds
September 30, 2014
(Continued)

	Utility	Stormwater Drainage	Solid Waste
LIABILITIES			
Non-Current Liabilities:			
Revenue Bonds Payable, Less Current Portion	17,750,000	-	-
Unamortized Bond Premium (Discount), Less Current Portion	1,667,203	-	-
Compensated Absences, Less Current Portion	330,129	36,843	112,467
Total Non-Current Liabilities	19,747,332	36,843	112,467
Total Liabilities	23,554,256	209,665	215,876
NET POSITION			
Net Investment in Capital Assets	47,451,973	13,155,958	1,213,691
Restricted			
Renewal and Replacement	3,431,318	-	-
Other	440,937	-	-
Unrestricted	13,043,323	1,905,937	2,372,712
Total Net Position	\$ 64,367,551	\$ 15,061,895	\$ 3,586,403

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
168,613	22,383,428	40,302,041
(4,849)	1,422,473	3,084,827
82,125	87,719	649,283
245,889	23,893,620	44,036,151
713,574	24,380,978	49,074,349
3,912,657	(3,936,207)	61,798,072
-	-	3,431,318
-	-	440,937
(284,098)	345,399	17,383,273
\$ 3,628,559	\$ (3,590,808)	\$ 83,053,600

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
September 30, 2014

	Utility	Stormwater Drainage	Solid Waste
OPERATING REVENUES			
User Charges	\$ 11,651,470	\$ -	\$ 3,406,033
Fees	1,537,323	875,456	17,707
Rental	-	-	-
Other	-	-	-
Total Operating Revenues	13,188,793	875,456	3,423,740
OPERATING EXPENSES			
Salaries, Wages and Employee Benefits	3,547,375	207,111	868,850
Utilities	773,717	309	7,357
Supplies and Materials	684,037	4,361	224,022
Contractual Services	641,806	58,613	1,156,182
Repairs and Maintenance	953,804	169,805	250,771
Cost of Goods Sold	-	-	-
Other	106,992	26,263	21,527
Administrative Overhead Charges	1,556,426	88,319	368,741
Depreciation and Amortization	3,062,695	186,246	222,481
Total Operating Expenses	11,326,852	741,027	3,119,931
Operating Income (Loss)	1,861,941	134,429	303,809
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	30,023	3,611	1,398
Interest Expense and Fiscal Charges	(731,639)	-	-
Gain (Loss) on Sale of Capital Assets	839	-	-
Other	31,644	-	3,188
Total Non-Operating Revenues (Expenses)	(669,133)	3,611	4,586
Income Before Contributions and Transfers	1,192,808	138,040	308,395
Capital Contributions	276,176	1,031,146	-
Transfers In	569,117	88,321	15,000
Transfers (Out)	(954,813)	(252,482)	(175,176)
Change in Net Position	1,083,288	1,005,025	148,219
Net Position - Beginning	63,284,263	14,056,870	3,438,184
Net Position - Ending	\$ 64,367,551	\$ 15,061,895	\$ 3,586,403

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
\$ 2,440,283	\$ 335,216	\$ 17,833,002
-	2,488,469	4,918,955
38,942	63,205	102,147
28,813	-	28,813
2,508,038	2,886,890	22,882,917
596,807	629,613	5,849,756
97,315	125,313	1,004,011
19,107	27,194	958,721
2,551	140,555	1,999,707
73,728	55,544	1,503,652
1,227,248	159,434	1,386,682
125,863	39,761	320,406
64,845	55,700	2,134,031
121,500	879,006	4,471,928
2,328,964	2,112,120	19,628,894
179,074	774,770	3,254,023
348	180	35,560
(18,258)	(948,565)	(1,698,462)
-	(460,776)	(459,937)
-	179,257	214,089
(17,910)	(1,229,904)	(1,908,750)
161,164	(455,134)	1,345,273
4,183	-	1,311,505
27,031	492,515	1,191,984
(173,349)	(816,890)	(2,372,710)
19,029	(779,509)	1,476,052
3,609,530	(2,811,299)	81,577,548
\$ 3,628,559	\$ (3,590,808)	\$ 83,053,600

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Cash Flows
Proprietary Funds
September 30, 2014

	Utility	Stormwater Drainage	Solid Waste
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash Flows from Operating Activities:			
Received from Customers	\$ 12,864,216	\$ 1,097,337	\$ 3,523,930
Payment to Suppliers for Goods and Services	(4,966,957)	(595,164)	(2,008,675)
Paid to Employees	(3,547,375)	(207,111)	(868,850)
Other revenues (expenses)	31,644	-	3,188
Net Cash Flows from Operating Activities	4,381,528	295,062	649,593
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Outstanding Bond Issues	(1,985,000)	-	-
Interest Paid on Outstanding Bond Issues	(861,852)	-	-
Acquisition and Construction of Capital Assets	(3,853,709)	(1,438,540)	(170,708)
Proceeds from sale of assets	839	-	-
Capital Contributions and Grants	276,176	1,031,146	-
Net Cash Flows from Capital and Related Financing Activities	(6,423,546)	(407,394)	(170,708)
Cash Flows from Investing Activities:			
Investment Income	30,023	3,611	1,398
Net Cash Flows from Investing Activities	30,023	3,611	1,398
Cash Flows from Non-Capital Financing Activities:			
Payments Under Interfund Loan Agreements	(50,000)	-	-
Transfers from Other Funds	569,117	88,321	15,000
Transfers (to) Other Funds	(954,813)	(252,482)	(175,176)
Net Cash Flows from Non-Capital Financing Activities	(435,696)	(164,161)	(160,176)
Net Change in Cash and Cash Equivalents	(2,447,691)	(272,882)	320,107
Cash and Cash Equivalents at Beginning of Year	19,019,672	1,758,460	1,978,994
Cash and Cash Equivalents at End of Year	\$ 16,571,981	\$ 1,485,578	\$ 2,299,101

(Continued)

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
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\$ 2,515,335	\$ 2,902,175	\$ 22,902,993
(1,571,026)	(595,574)	\$ (9,737,396)
(596,807)	(629,613)	\$ (5,849,756)
-	179,257	\$ 214,089

347,502	1,856,245	7,529,930
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(142,832)	(405,981)	(2,533,813)
(15,487)	(943,718)	(1,821,057)
(42,920)	(373,043)	(5,878,920)
-	-	839
4,183	-	1,311,505

(197,056)	(1,722,742)	(8,921,446)
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348	180	35,560
348	180	35,560

(19,590)	(979,960)	(1,049,550)
27,031	492,515	1,191,984
(173,349)	(816,890)	(2,372,710)

(165,908)	(1,304,335)	(2,230,276)
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(15,114)	(1,170,652)	(3,586,233)
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42,253	1,534,482	24,333,861
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\$ 27,139	\$ 363,830	\$ 20,747,629
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CITY OF ST. AUGUSTINE, FLORIDA
Statement of Cash Flows
Proprietary Funds
September 30, 2014
(Continued)

	Utility	Stormwater Drainage	Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Net Operating Income	\$ 1,861,941	\$ 134,429	\$ 303,809
Adjustments to Reconcile Net Operating Income to Net Cash Flows from Operating Activities:			
Depreciation and Amortization	3,062,693	186,246	222,481
Provision for Uncollectible Accounts	87,811	20,000	23,485
Other revenues (expenses)	31,644	-	3,188
Changes in Operating Assets and Liabilities:			
Accounts Receivable	(381,251)	221,881	100,190
Inventories	(6,947)	-	-
Accounts Payable and Compensated Absences	(331,037)	(267,494)	(3,560)
Deposits Payable	57,142	-	-
Deferred Revenues	(468)	-	-
Total Adjustments	2,519,587	160,633	345,784
Net Cash Flows from Operating Activities	\$ 4,381,528	\$ 295,062	\$ 649,593

Non-Cash Transactions (transactions/amounts not included in the Statement of Cash Flows):

Amortization of unamortized bond refunding gain to interest expense of \$122,595

See accompanying notes to basic financial statements

Municipal Marina	Visitor Information Center	Total Proprietary
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\$ 179,074 \$ 774,770 \$ 3,254,023

121,450 879,005 4,471,875
 - - 131,296
 - 179,257 214,089

7,003 15,285 (36,892)
 (2,583) 17,174 7,644
 42,264 (9,246) (569,073)
 - - 57,142
 294 - (174)

168,428 1,081,475 4,275,907

\$ 347,502 \$ 1,856,245 \$ 7,529,930

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2014

	Employee Retirement Funds
ASSETS	
Cash and Short-Term Investments	\$ 2,130,751
Receivables:	
Member Contributions	5,475
City Contributions	15,279
Interest and Dividends	111,517
Broker-dealers	-
Due from State	40,638
Total Receivables	172,909
Prepaid Expense	646
Investments, at Fair Value:	
U.S. Government Obligations Fund	2,424,259
U.S. Stock Fund	30,607,681
Mutual Fund - International Equity	4,599,575
Bond and Mortgage Fund	10,635,580
International Exchange Fund	1,009,278
Real Estate Fund	6,946,030
Total Investments	56,222,403
Total Assets	58,526,709
LIABILITIES	
Expenses Payable	105,467
Total Liabilities	105,467
NET POSITION	
Held in Trust for Pension Benefits and Other Purposes	\$ 58,421,242

See accompanying notes to basic financial statements

CITY OF ST. AUGUSTINE, FLORIDA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2014

	Employee Retirement Funds
ADDITIONS	
Contributions:	
Members	\$ 520,727
City	2,477,454
State Insurance Premium Tax from General Fund	354,175
Total Contributions	3,352,356
Investment Income:	
Net Decrease in Fair Value of Investments	4,779,462
Interest and Dividends on Investments	1,456,678
Total Investment Income	6,236,140
Less Investment Expenses	288,282
Net Income from Investing Activities	5,947,858
Total Additions	9,300,214
DEDUCTIONS	
Benefit Payments	3,106,589
Drop Payments	381,664
Termination Payments	100,534
Administrative Expenses	161,353
Total Deductions	3,750,140
Change in Net Position	5,550,074
Net Position - Beginning	52,871,168
NET POSITION - ENDING	\$ 58,421,242

See accompanying notes to basic financial statements

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CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of St. Augustine, Florida (the City), was established in 1925, by Special Legislative Act 11148 of the Florida Legislature. The City operates under a commission-manager form of government and provides the following services as authorized by its charter: General Government, Public Safety, Public Works, Public Utilities, Culture, Recreation, and Community Development.

The accounting and reporting policies of the City relating to the funds included in the Basic Financial Statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principals prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governments* and by the Financial Accounting Standards Board (when applicable).

A. Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of St. Augustine, Florida, and its fiduciary funds. The fiduciary funds discussed here are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The City currently has separate and distinct defined benefit pension plans for the City's general employees, police officers and firefighters. These plans are legally separate from the City and are governed by board members who are both elected by their peers and appointed by the City Commission. For financial reporting purposes, these plans are reported as if they were part of the City's operations as the sole purpose of the plans are to provide retirement benefits for the City's employees. These plans have separately issued financial statements that can be obtained through the City Clerk's office.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are included in the program expense reported for individual functions and activities. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting the operational and capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Since the fund level statements for governmental activities are presented using a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following governmental fund level statements. The reconciliation briefly explains the adjustments necessary to convert the fund level statements into the government-wide governmental column presentations.

The City reports the following funds:

Major Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund and Special Revenue Fund have legally adopted annual budgets. The following are the City's major governmental funds:

a. General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Resources are generated primarily from local property and utility services taxes, franchises, licenses, permits and fees, intergovernmental revenues and charges for services. Expenditures are incurred to provide public safety, general government, public works, parks and recreation services.

b. Special Revenue Fund

The Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. The Special Revenue Fund used by the City is the St. Augustine Community Redevelopment Agency. This fund was established by ordinance in 2000 to assist the City in redeveloping the Historic Area Community Redevelopment Area (HACRA), a blighted transportation and parking geographical area principally located in the historic downtown area. The Lincolnville Community Redevelopment Area (LCRA) was established in 2013. This primary focus of the CRA is maintaining Lincolnville's residential character.

c. Capital Project Fund

The Capital Project Fund is used to account for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The principal sources of revenue are bond issue proceeds and transfers from the General Fund.

d. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest of the governmental funds.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

e. Permanent Fund

The Permanent Fund includes the Anderson Trust Fund, Woodman Trust Fund, and Sanchez House Trust Fund and accounts for assets held by the City as a trustee for individuals.

Major Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through proprietary funds. Proprietary funds used by the City are:

a. Utility Fund

The Utility Fund accounts for the operation, maintenance and construction of the City-owned water and sewer system.

b. Stormwater Drainage Fund

The Stormwater Drainage Fund accounts for the operation, maintenance and construction of the City-owned stormwater drainage system.

c. Solid Waste Fund

The Solid Waste Fund accounts for the operation and maintenance of the City-owned solid waste pick-up and disposal service.

d. Municipal Marina Fund

The Marina Fund accounts for operations and maintenance of the City-owned Municipal Marina facilities.

e. Visitor Information Center

The Visitor Information Center Fund accounts for the operations and maintenance of the City-owned Visitor Information Center and Historic Downtown Parking Facility.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the City as a trustee or agent. Fiduciary Funds used by the City are:

a. General Employees' Pension Plan

The General Employees' Pension Plan accounts for the contributions of the general employees and the City, along with the benefits paid to the retired participants of the plan.

b. Police Officers' Pension Plan

The Police Officers' Pension Plan accounts for the contributions of the police officer employees, the City and the State of Florida, along with the benefits paid to the retired participants of the plan.

c. Firefighters' Pension Plan

The Firefighters' Pension Plan accounts for the contributions of the firefighter employees, the City and the State of Florida, along with benefits paid to the retired participants of the plan.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administration overhead charges between the general fund and the funds benefited. Elimination of these charges would distort the direct costs for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for goods and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

The budget is prepared on a GAAP basis. The legal level of control for budget variations is at the fund level. However, actual spending can exceed the appropriated amount of the fund to the extent revenues exceed the fund's adopted budget.

D. Cash and Cash Equivalents

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested with the State Board of Administration (SBA) Pool and two fully collateralized investment accounts with qualified public depositories. All of these investments are considered cash equivalents due to their liquidity and similarity to cash.

E. Investments

Investments within the Pension Trust Funds are made through financial brokers and are held by trustees. These assets are stated at fair value as determined in an active market.

F. Receivables and Allowance for Uncollectible Accounts

All receivables are reported at gross value and, where appropriate, are reduced by the portion that is expected to be uncollectible. Estimated unbilled revenues from the Utility, Stormwater and Solid Waste Funds are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the year. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are classified as "due to/due from other funds".

G. Inventories

Inventories held by the General Fund are valued at cost using the first-in/first-out (FIFO) method. Because the consumption method is used, the inventory items are recorded as expenditures at the time they are withdrawn from central stores. The inventory value has been recorded as an asset, offset by a reserve in an equal amount. Inventories in the Proprietary Funds are valued at the lower of cost (using FIFO method) or market. Inventories of these funds are expensed as used.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The consumption method is used for these items.

I. Restricted Assets

These assets consist of cash restricted for debt service, construction, renewal and replacement, and customer deposits (See Note 2).

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

J. Capital Assets

Capital outlays are recorded as expenditures in the Governmental Fund Financial Statements, and as assets in the Government-wide Financial Statements to the extent the City's capitalization threshold of \$5,000 is met. In accordance with GASB Statement No. 34, infrastructure has been capitalized. Infrastructure consists primarily of streets, curbs and sidewalks. Depreciation is recorded on general capital assets (except for land and construction in progress) on a government-wide basis using the straight-line method over the following estimated useful lives:

Buildings	30 years
Furniture and Other Equipment	3-20 years
Infrastructure	20-50 years

To the extent the City's capitalization threshold of \$5,000 is met, capital outlays of the Proprietary Funds are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis using the following estimated useful lives:

Buildings	10-50 years
Furniture and Other Equipment	2-10 years
Infrastructure & Improvements	10-40 years

All capital assets were valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. The City does not capitalize historical treasures or works of art. The City maintains many items and buildings of historical significance. The City does not require the proceeds from the sale of historical treasures or works of art be used to acquire other items for the collection.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations in the government-wide financial statements.

K. Deferred Inflows/Outflows of Resources

Deferred outflows of resources represent the consumption of net position that is applicable to a future reporting period. Deferred outflows have a positive effect on net position, similar to assets. Currently, the City only reports deferred outflows of resources for the difference between the net reacquisition cost of new debt and the net carrying amount of old debt. This refunding loss is amortized to expense over the remaining term of the new debt using the straight-line method. Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period. Deferred inflows have a negative effect on net position, similar to liabilities. Currently, the City only reports deferred inflows of resources in governmental funds when receivables have been recorded for revenues that are not considered to be available to liquidate liabilities of the current period.

L. Compensated Absences

Annual vacation leave is accumulated in the following manner:

General, Municipal & Police Employees:	80 hours per year with 5 years or less, 88 hours with 6 years, 96 hours with 7 years, 104 hours with 8 years, 112 hours with 9 years, 120 hours with 10 to 15 years, 128 hours with 16 years, 136 hours with 17 years, 144 hours with 18 years, 152 hours with 19 years, maximum per employee is 160 hours with 20 or more years of service.
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CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Fire Department Employees: 120 hours per year with 5 years of less, 156 hours with 6 years, 165 hours with 7 years, 174 hours with 8 years, 183 hours with 9 years, 192 hours with 10 to 15 years, 216 hours with 16 years, 228 hours with 17 years, 241 hours with 18 years, maximum per employee is 252 hours with 20 or more years of service.

Sick leave is available to be paid at termination, retirement, or resignation as follows:

General and Municipal Employees: 80 hours per year, no maximum
 Police Department Employees: 80 hours per year, no maximum
 Fire Department Employees: 112 hours per year, no maximum

The City has accrued for sick and vacation leave earned but unused at year end. This accrual was based on unused sick and vacation hours available to employees as maintained by the City's payroll system and as multiplied by each eligible employees individual hourly pay rate. Liquidation of the accrued sick and vacation leave has historically come from the general fund.

M. Other Post-Employment Benefits (OPEB)

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The City currently provides these benefits in accordance with the vesting and retirement requirements for its employees.

The City is financing the post employee benefits on a pay-as-you-go basis. As determined by an actuarial evaluation, the City records a net OPEB obligation in its government-wide financial statements related to the implicit and explicit subsidy. See Note 10 for further information.

N. Long-Term Obligations

In the government-wide financial statements, governmental long-term debt and other governmental long-term obligations are reported as liabilities in the governmental activities column of the Statement of Net Assets. Long-term debt and other long-term obligations of the proprietary funds are reported as liabilities in the business-type activities column of the Statement of Net Assets and the appropriate proprietary fund in the fund level statements.

O. Unamortized Bond Premium (Discount)

Unamortized bond premium (discount) represent the amount received above or below par on various bond issues. These costs are being amortized over the life of the respective bond issues using the straight-line method, which is comparable to the effective interest method. Unamortized costs at September 30, 2014 are as follows:

	Original Cost	Accumulated Amortization	Unamortized Costs
Beginning of year	\$ 3,281,354	\$ (145,302)	\$ 3,136,052
Current year additions	-	(231,187)	(231,187)
End of year	<u>\$ 3,281,354</u>	<u>\$ (376,489)</u>	<u>\$ 2,904,865</u>

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. Fund Balance Classifications

In fiscal year 2011, the City Commission implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* by adopting a fund balance policy. GASB No. 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints place on a government's fund balances more transparent. This policy establishes the Commission as the body authorized to assign amounts to these categories. The following classifications describe the relative strength of the spending constraints.

Nonspendable Fund Balance – amounts that are not in spendable form (such as inventory and pre-paid items) or are required to be maintained intact.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed Fund Balance – amounts constrained to specific purposes by the City itself by Commission approval. To be reported as committed, amounts cannot be used for any purpose unless there is Commission approval to remove or change the constraint.

Assigned Fund Balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Commission or by an official or body to which the City Commission delegates authority.

Unassigned Fund Balance – amounts that are available for any purpose.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as needed. When unrestricted resources (committed, assigned and unassigned) are available for use in any governmental fund, it is the City's practice to used committed resources first, then assigned, and then unassigned as needed.

In 2013, the City Commission adopted a Resolution establishing a stabilization arrangement. This Resolution is in compliance with the Governmental Accounting Standards Board's issued Statement No. 54, *Fund Balance Report and Governmental Fund Type Definitions*. It establishes a minimum Committed Fund Balance in the General Fund Reserve in an amount equal to no less than 33.33% percent (four months') of the City's budgeted general operating revenues as the emergency reserve level.

Q. Revenue Recognition – Property Taxes

Property tax revenue is recognized when it becomes available and measurable. Property taxes, under Florida law, are levied on November 1 by the County Tax Appraiser and collected by the County Tax Collector and become a lien on the property on November 1.

The law allows a four percent discount if paid in November, a three percent discount if paid in December, a two percent discount if paid in January, and a one percent discount if paid in February. Taxes become delinquent on April 1 of each year. Delinquent real estate taxes are advertised during the month of May. Tax certificates are sold on May 30, at a public sale, against property on which the current taxes have not been paid. If not redeemed within two years, the property will be subject to an application for tax deed.

In accordance with National Council on Governmental Accounting (NCGA) Interpretation 3, property taxes that are measurable but not available are reported as deferred revenue. The deferred revenues are recognized in the fiscal year in which they become available. The City had no taxes subject to this deferral at year-end.

R. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased. The General Fund provides administrative

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

services and incurs overhead costs relating to the Proprietary Funds an administrative overhead charge, which is included in direct expenses.

S. New Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in FY 2014-15. The statement address: 1) accounting and financial reporting for pensions and 2) mergers, acquisitions and transfers of operations. The City currently is evaluating the effects that these statements will have on its FY2014-15 financial statements.

NOTE 2. DEPOSITS AND INVESTMENTS:

A. Cash and Cash Equivalents

The City maintains a cash and investment pool that is designed for use by all funds. For the purposes of cash flows, the City considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. In addition, investments are separately held and accounted for by several of the City's funds where contractual agreements and bond covenants provide for and require such arrangements.

At September 30, 2014, the carrying amount of cash on hand was \$1,508,731 and the related bank balance was \$1,952,826. Monies, which are placed on deposit with financial institutions in the form of demand deposit accounts, are defined as Public Deposits and as such are secured as provided for in Chapter 280, Florida Statutes. Financial institutions, which meet the requirements for this chapter, can be designated as qualified public depositories eligible to receive Public Deposits. This chapter also created the Public Deposit Security Trust Fund to facilitate the recovery of administrative penalties resulting from the default or insolvency of any qualified Public Depository and the subsequent payment of any losses to Public Depositors. When Public Deposits are made in accordance with this statute, no Public Depositor shall be liable for any loss thereof. Thus, all deposits at year-end are insured or collateralized with securities pursuant to Chapter 280, Florida Statutes.

State Statutes govern the City's investment policies. The basic allowable investment instruments include the Local Government Surplus Funds Trust Fund (State Board); Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating; interest-bearing time deposits or savings accounts in qualified public depositories; direct obligations of the United States Treasury; Federal agencies and instrumentalities; other investments authorized by law or ordinance for a county or municipality.

The State Board consists of the Local Government Surplus Trust Fund (Florida PRIME). The Florida PRIME is currently considered a SEC 2a7-like fund, thus the account balance should also be considered the fair value of the investment. Florida PRIME is rated by Standard & Poor's and currently has a rating of AAAM. The Florida PRIME balance of \$24,949,566 had a weighted average of 86.9 days to maturity as of September 30, 2014. A government money market account with a qualified public depository was established by the City in 2008. This account is fully collateralized and held a balance of \$1,451,362 as of September 30, 2014. A second account with a qualified public depository was established by the City in 2009. This account is fully collateralized and held a balance of \$4,034,989 as of September 30, 2014.

B. Investments – General Pension Plan

Interest Rate Risk

The General Pension Plan Investment Policy limits interest rate risk by limiting the fixed-income portfolio duration to less than 135% of the market index duration, including investments in government issues, corporate bonds with an average rating of A or higher and/or Government National Mortgage Association pooled obligations. There may be exceptional circumstances indicating the use of longer maturities, but these exceptions should be few. As of September 30, 2014, the General Employee's Pension Plan had the following investments and maturities:

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 2. DEPOSITS AND INVESTMENTS: (continued)

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	Between 1 and 5	Between 6 and 10	More Than 10
U.S. Treasury Obligations	\$ 39,362	\$ -	\$ -	\$ -	\$ 39,362
U.S. Government Agencies	126,421	-	-	581,836	1,074,962
Corporate & Foreign Bonds	5,024,246	-	897,062	785,081	3,342,103
Municipal Obligations	267,624	-	193,134	74,490	-
Common Equity Securities	16,720,905	16,720,905	-	-	-
Equity Mutual Funds	3,665,293	3,665,293	-	-	-
Real Estate	4,610,861	-	-	-	4,610,861
	<u>\$ 30,454,712</u>	<u>\$ 20,386,198</u>	<u>\$ 1,090,196</u>	<u>\$ 1,441,407</u>	<u>\$ 9,067,288</u>

Credit Risk and Concentration of Credit Risk

Excessive concentration of assets will be avoided. Excessive Concentration is defined as having more than five percent on a cost basis of the equity portfolio in any single common stock or having more than five percent on a cost basis of the portfolio in fixed-income securities of one specific issue, with the exception of the securities of the U.S. Government and its agencies and high quality market funds, as stated in the plan's investment policy.

Foreign Currency

Investment in Foreign Securities is allowed under the investment plan; however, not more than twenty-five percent of the total fund market value may be invested in foreign securities.

C. Investments – Police Pension Plan

Interest Rate Risk

The Police Pension Plan Investment Policy limits fixed income securities to 135% of the duration of the market index, including investments in government issues, corporate bonds having an average quality rating of A or higher and/or securities issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia. There may be exceptional circumstances indicating the use of longer maturities, but these exceptions should be few. As of September 30, 2014, the Police Officer's Pension Plan had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	Between 1 and 5	Between 6 and 10	More Than 10
Corporate & Foreign Bonds	\$ 2,817,392	\$ 2,817,392	\$ -	\$ -	\$ -
Other	62,594	62,594	-	-	-
Common Equity Securities	9,764,708	9,764,708	-	-	-
Real Estate	2,335,169	-	-	-	2,335,169
	<u>\$ 14,979,863</u>	<u>\$ 12,644,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,335,169</u>

Credit Risk and Concentration of Credit Risk

Excessive concentration of assets will be avoided. Excessive Concentration is defined as having more than five percent on a cost basis of the equity portfolio in any single common stock or having more than five percent on a cost basis of the portfolio in fixed-income securities of one specific issue, with the exception of the securities of the U.S. Government and its agencies and high quality market funds, as stated in the plan's investment policy.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 2. DEPOSITS AND INVESTMENTS: (continued)

Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan's investment guidelines limit its fixed income investments to a quality of "A" or equivalent as rated by Moody's or by Standard & Poor's board rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

Foreign Currency

Investment in foreign securities is allowed under the investment plan; however, not more than twenty-five percent of the total fund market value may be invested in foreign securities.

D. Investments – Firefighter Pension Plan

Interest Rate Risk

The Firefighter Pension Plan Investment Policy limits all investments in corporate fixed income securities to those that hold a rating of investment grade or higher. There is no limit imposed on investment in fixed income securities issued directly by the U.S. Government. The Plan limits the effective duration of its investment portfolio through the adoption of the Merrill Lynch Government/Corporate Bond Index bench mark. It is expected that the average duration of the total fixed income portfolio will not exceed 150% of the duration of the Index. As of September 30, 2014, the Firefighter Pension Plan held the following fixed income investments:

Investment Type	% of Fund	Fair Value	Rating	Effective Duration
US Government Agencies	43.6%	\$ 1,928,258	AA	10.0-15.0
Corporate Bonds	39.5%	1,744,669	A	11.0
Domestic fixed income investment fund	9.0%	399,453	BBB-A	2.0-5.0
Temporary Investment Funds	7.9%	348,126	AAA	Daily
	<u>100%</u>	<u>\$ 4,420,506</u>		

Credit Risk and Concentration of Credit Risk

Excessive concentration of assets will be avoided. Excessive Concentration is defined as having more than five percent on a cost basis of the equity portfolio in any single common stock or having more than five percent on a cost basis of the portfolio in fixed-income securities of one specific issue, with the exception of the securities of the U.S. Government and its agencies and high quality market funds, as stated in the plan's investment policy.

Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan's investment guidelines limit its fixed income investments to a quality of "A" or equivalent as rated by Moody's or by Standard & Poor's board rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

Foreign Currency Risk

Investment in foreign securities is allowed under the plan; however, no more than twenty-five percent of the plan's total assets may be invested in foreign securities.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 3. ACCOUNTS RECEIVABLE:

Receivables at September 30, 2014, consist of the following:

	Governmental Activities			Total
	General	Capital Projects	Business-Type Activities	
Utility Taxes	\$ 121,038	\$ -	\$ -	\$ 121,038
Accounts	434,893	507,557	2,643,547	3,585,997
Intergovernmental	353,191	37,915	474,375	865,481
Gross Receivables	909,122	545,472	3,117,922	4,572,516
Less: Allowance for Uncollectibles	-	-	131,296	131,296
Total Receivables	\$ 909,122	\$ 545,472	\$ 2,986,626	\$ 4,441,220

NOTE 4. CAPITAL ASSETS:

The following is a summary of the changes in capital assets for the fiscal year ended September 30, 2014:

Governmental Activities

	Balance 10/1/2013	Increases	Decreases	Balance 9/30/2014
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 5,958,730	\$ -	\$ -	\$ 5,958,730
Construction in Progress	1,663,842	1,951,015	1,635,853	1,979,004
Total Capital Assets Not Being Depreciated	7,622,572	1,951,015	1,635,853	7,937,734
Other Capital Assets:				
Buildings	18,830,957	61,924	-	18,892,881
Infrastructure	13,859,826	2,666,932	-	16,526,758
Furniture and Other Equipment	6,996,952	589,462	256,293	7,330,121
Total Other	39,687,735	3,318,318	256,293	42,749,760
Less Accumulated Depreciation For:				
Buildings	9,477,576	421,366	-	9,898,942
Infrastructure	6,927,959	424,277	-	7,352,236
Furniture and Other Equipment	5,966,398	515,862	223,811	6,258,449
Total Accumulated Depreciation	22,371,933	1,361,505	223,811	23,509,627
Other Capital Assets, Net	17,315,802	1,956,813	32,482	19,240,133
TOTALS	\$ 24,938,374	\$ 3,907,828	\$ 1,668,335	\$ 27,177,867

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 4. CAPITAL ASSETS: (Continued)

Construction in progress is composed of the following at September 30, 2014:

Downtown Improvement District	\$ 757,501
Lightner Roof Repair	1,151,473
Transit in Parks	70,030
Total	<u>\$ 1,979,004</u>

Depreciation was allocated to Governmental Activities as follows:

General Government	\$ 1,211,709
Public Safety	33,781
Physical Environment	110,491
Transportation	-
Culture & Recreation	5,524
Total	<u>\$ 1,361,505</u>

Business-Type Activities

	<u>Balance</u> <u>10/1/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/2014</u>
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 1,145,803	\$ -	\$ -	\$ 1,145,803
Construction in Progress	17,087,301	2,943,502	12,998,250	7,032,553
Total Capital Assets				
Not Being Depreciated	<u>18,233,104</u>	<u>2,943,502</u>	<u>12,998,250</u>	<u>8,178,356</u>
Other Capital Assets:				
Buildings	59,554,578	1,732,698	1,180,256 *	60,107,020
Infrastructure	82,068,435	13,207,046	-	95,275,481
Furniture and Other Equipment	6,210,256	450,223	57,783	6,602,696
Total Other	<u>147,833,269</u>	<u>15,389,967</u>	<u>1,238,039</u>	<u>161,985,197</u>
Less Accumulated Depreciation For:				
Buildings	24,152,333	1,268,314	630,846 *	24,789,801
Infrastructure	31,271,660	2,718,927	3,253	33,987,334
Furniture and Other Equipment	4,434,585	484,687	104,083	4,815,189
Total Accumulated Depreciation	<u>59,858,578</u>	<u>4,471,928</u>	<u>738,182</u>	<u>63,592,324</u>
Other Capital Assets, Net	<u>87,974,691</u>	<u>10,918,039</u>	<u>499,857</u>	<u>98,392,873</u>
TOTALS	<u>\$ 106,207,795</u>	<u>\$ 13,861,541</u>	<u>\$ 13,498,107</u>	<u>\$ 106,571,229</u>

* The net decrease in Business-Type Activities Buildings includes \$460,776 of building improvements that were made to State properties while in the City's stewardship. Stewardship of these State properties was transferred from the City to the University of Florida in FY 2013. A final reconciliation of these transferred properties was completed in FY 2014 and these assets were removed from the City's books.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 4. CAPITAL ASSETS: (Continued)

Depreciation was allocated to Business-Type Activities as follows:

Utility Fund	\$ 3,062,695
Stormwater Drainage Fund	186,246
Solid Waste Fund	222,481
Municipal Marina Fund	121,500
Visitor Information Center	879,006
Total	<u>\$ 4,471,928</u>

Construction in progress is composed of the following at September 30, 2014:

Abbot Tract Water Main	\$ 581,804
Fullerwood Neighborhood Water Main	108,018
Magnolia Water Main Improvements	66,856
Basin 22 Sewer Rehab	244,691
WWTP Outfall Repair	31,517
US1 Interconnect & North Tank Improvements	68,297
LRPO Concentrate Disposal Permitting	119,018
North City Watermain	239,125
North City Stormwater	5,553
Palmer/Masters Drive Watermain Replacement	653,433
Riberia Street Phase II Utility	1,643,673
Riberia Street Phase II Stormwater	2,154,538
South Dixie Highway Improvements	128,707
Downtown Improvement District Utilities	363,170
Downtown Improvement District Stormwater	242,338
Paving Project Utilities	103,137
North Volusia Forcemain	34,239
Seawall Connectivity	26,361
Masters Drive Sewer Rehabilitation	117,330
Arpieka & Zorayda Watermain Improvements	26,436
SR 207 Watermain Relocation	67,662
Paracetic Acid Bulk Storage	6,650
Total	<u>\$ 7,032,553</u>

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 5. RISK MANAGEMENT, LITIGATION AND COMMITMENTS:

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. A small portion of the risk is covered by commercial insurance. The majority of this risk (Workers Compensation, Property and Liability) is covered through the Florida Municipal Insurance Trust (the "Trust"). The City pays an annual premium to the Trust for its coverage. The premiums are designed to fund the liability risk assumed by the Trust and are based on certain actual exposures and appropriate classifications of each member. The coverage provided for Workers Compensation is \$1,000,000 for each occurrence. Coverage provided for Property and Liability is \$100,000 for each person and \$200,000 for each occurrence. The City also has Specific Excess Coverage of \$1,000,000 through the Trust. There were no claims paid that exceeded coverage in the past three fiscal years. Employee medical benefits are covered by commercial insurance. The City Attorney estimates that the amount of these actual or potential claims against the City as of September 30, 2014, will not materially affect the financial condition of the City. Therefore, the financial statements contain no provision for estimated claims.

The City received notice pursuant to the requirements of the J. Bert Harris Private Property Rights Protection Act of a claim for damages exceeding \$3,400,000.00 allegedly arising out of the denial by the City Commission of approval for demolition of structures designated as historically significant. The City satisfied the requirements of the Harris Act by responding to that claim with a bona fide offer of settlement and a ripeness decision. The City denied the claim and expressly denied the damages asserted. The Wendlers filed suit in pursuit of this claim. The presiding judge entered judgment in favor of the City, holding that the plaintiffs failed to pursue this claim in a timely manner. The Wendlers appealed this judgment, and the appellate court reversed the trial court and entered an order retreating from their previous decision and finding the Wendlers' claim and lawsuit timely, returning the case to circuit court. No trial date is set. The City Attorney's Office has engaged the law firm of Marks Gray, P.A. in defense of the claim and intends to defend the action vigorously.

At September 30, 2014, the City had outstanding commitments of approximately \$5,202,000 relating to construction contracts.

NOTE 6. LONG-TERM DEBT:

Governmental Funds

Capital Improvement and Refunding Revenue Bonds, Series 2004:

On October 14, 2004, the City issued Capital Improvement and Refunding Revenue Bonds totaling \$22,155,000 to refund the 1995 Series Revenue Bonds and construct a parking garage and other capital improvements for the City. The Series 2004 Bonds and the interest thereon are secured by and payable solely from (1) Non-Ad Valorem Revenues budgeted and appropriated by the City in accordance with the Resolution and deposited into the Debt Service Fund, and (2) until applied in accordance with the provisions of the Resolution, all monies, including the investments thereof, in the funds and accounts established under the Resolution, with the exception of the Rebate Fund (collectively the "Pledged Funds"). Pursuant to the Resolution, the City covenants and agrees to appropriate in its annual budget, by amendment if necessary, for each Fiscal Year sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Series 2004 Bonds and to make certain other payments required under the Resolution in each such Fiscal Year. Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues until such funds are deposited in the Debt Service Fund, nor does it preclude the City from pledging in the future or covenanting to budget and appropriate in the future its Non-Ad Valorem Revenues, nor does it require the City to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the holders of the Series 2004 Bonds a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the City. The City does not covenant to maintain any services or programs not maintained or provided by the City including those which generate Non-Ad Valorem Revenues. The Resolution defines Non-Ad Valorem Revenues as all legally available non-ad valorem revenues of the City, which are legally available to make the payments required by the Resolution, but only after provision has been made by the City for payment of services and programs which are for essential public purposes affecting the health, welfare and safety of

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 6: LONG TERM DEBT (continued):

the inhabitants of the City or which are legally mandated by applicable law. This issuance results in a \$240,599 difference in cash flow requirements with present value economic gain of \$183,406.

In 2013, the Series 2013 Bonds were issued, in part, to advance refund a portion of the outstanding principal amount of the City's Capital Improvement Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034.

Payment of maturing principal and interest (2.0 percent to 5.0 percent) on these bonds is provided for in the Debt Service Fund. Principal payments are due annually on October 1, and interest payments are due semi-annually on April 1 and October 1. The annual requirement to amortize bonded debt outstanding as of September 30, 2014 is as follows:

Bond Year Ended October 1	Capital Improvements & Current Refunding	
	Series 2004	
	Principal	Interest
2015	\$ 3,889	\$ 661
2016	373	520
2017	-	506
2018	-	506
2019	-	506
2020-2029	-	5,060
2030	11,241	506
	\$ 15,503	\$ 8,265

Capital Improvement Refunding Revenue Bonds, Series 2011B:

On December 28, 2011, the City issued Capital Improvement Refunding Revenue Bonds totaling \$10,440,000. The Bonds are being issued for the purpose of (i) currently refunding all of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 2001, and (ii) paying certain costs of issuance incurred with respect thereto, including the premium for a Municipal Bond Insurance Policy. The proceeds of the Refunded Bonds were used to finance (i) the current refunding of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 1992, (ii) the acquisition, relocation, construction and/or equipping of a parking garage, a fire station and related facilities on different sites of the City and other capital projects of the City, (iii) the capitalization of interest on a portion of the Refunding Bonds, (iv) the purchase of a surety bond to fund the Reserve Account relating to the Refunded Bonds, and (v) the cost of issuance with respect to the Refunded Bonds. This issuance results in an \$814,718 difference in cash flow requirements with a present value economic gain of \$574,623.

Principal payments are due annually on October 1, and interest payments (2.0% to 3.25%) are due semi-annually on April 1 and October 1.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 6. LONG-TERM DEBT: (Continued)

The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2014 is as follows:

Bond Year Ended	Capital Improvement Refunding Revenue Bonds	
	Series 2011B	
October 1	Principal	Interest
2015	\$ 398,944	\$ 202,439
2016	408,731	194,491
2017	294,263	186,355
2018	300,951	180,470
2019	310,982	173,323
2020-2024	1,688,667	720,977
2025-2029	2,039,776	370,291
2030	464,801	20,335
	\$ 5,907,115	\$ 2,048,681

Capital Improvement Revenue Bonds, Series 2011:

On April 5, 2011, the City issued Capital Improvement Revenue Bonds, Series 2011, totaling \$16,215,000 for the purpose of (i) financing the acquisition, construction and equipping a portion of the costs of various capital projects located within the City, including without limitation, water and sewer capital projects, stormwater capital projects, transportation capital projects, municipal marina improvements and other municipal capital projects on file with the City and (ii) paying certain costs of issuance incurred with respect thereto.

The interest rate on this bond is 5.75% and the maturity date is October 1, 2041.

Interest payments are due semi-annually on April 1 and October 1. Principal payments will not be made until 2035 at which time principal of \$16,125,000 will be paid down over seven years:

Bond Year Ended	Capital Improvement Revenue Bonds	
	Series 2011	
October 1	Principal	Interest
2015	\$ -	\$ 932,363
2016	-	932,363
2017	-	932,363
2018	-	932,363
2019	-	932,363
2020-2024	-	4,661,815
2025-2029	-	4,661,815
2030-2034	-	4,661,815
2035-2039	10,915,000	3,476,738
2040-2041	5,300,000	461,428
	\$ 16,215,000	\$ 22,585,426

Capital Improvement and Refunding Revenue Bonds, Series 2013:

On February 15, 2013, the City issued Capital Improvement and Refunding Revenue Bonds totaling \$20,645,000 to advance refund a portion of the outstanding principal amount of the City's Capital Improvement and Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034; and to finance the acquisition, construction and equipping of a portion of the cost of various capital improvement projects located within the City, including without limitation, the

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 6. LONG-TERM DEBT: (Continued)

Historic Downtown Parking Facility and other municipal capital improvement projects to City facilities and infrastructure on file with the City; and to pay the costs of issuing the Series 2013 Bonds. This issuance results in a \$1,377,123 difference in cash flow requirements with a present value economic gain of \$1,078,678.

Principal payments are due annually on October 1, and interest payments (2.0% to 5.0%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2014 is as follows:

Bond Year Ended October 1	Capital Improvement Refunding Revenue Bonds, Series 2013	
	Principal	Interest
2015	\$ -	\$ 76,972
2016	3,836	76,972
2017	6,287	76,857
2018	6,447	76,668
2019	7,406	76,475
2020-2024	40,387	378,911
2025-2029	48,432	371,060
2030-2034	84,130	359,037
2035-2039	937,500	255,186
2040-2041	438,750	33,187
	\$ 1,573,175	\$ 1,781,325

Enterprise Funds

Water and Sewer Revenue Refunding Bonds, Series 2005:

On July 7, 2005, the City issued Water and Sewer Revenue Refunding Bonds, Series 2005, totaling \$21,435,000 for the purpose of providing funds, together with other legally available funds of the City, to (i) refund the City's \$4,245,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1996, \$11,260,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1995A, \$365,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1995B and \$4,240,000 outstanding Water and Sewer Revenue Refunding Bonds, Series 1999 (the "1999 Bonds" and together with the bonds other than the 2005 Bonds described in this sentence, collectively, the "Refunded Bonds"), (ii) finance and reimburse the cost of certain capital improvements to the System and to pay the cost of issuance of the 2005 Bonds. This issuance results in a \$2,562,543 difference in cash flow requirements with a present value economic gain of \$1,068,491.

Proceeds will be used to finance and reimburse the cost of certain capital improvements to the System including, upgrading the waste water treatment facility and water treatment plant expansion. Payment of maturing principal and interest (3.00 percent to 5.00 percent) on these bonds is provided for in the Debt Service Fund.

Principal payments are due annually on October 1, and interest payments are due semi-annually on April 1 and October 1. The annual requirement to amortize bonded debt outstanding as of September 30, 2014 is as follows:

Bond Year Ended October 1	Water & Sewer Fund Revenue Bonds, Series 2005	
	Principal	Interest
2015	\$ 590,000	\$ 227,113
2016	615,000	201,050
2017	650,000	170,300
2018	675,000	137,800
2019	705,000	110,800
2020-2021	2,065,000	165,200
	\$ 5,300,000	\$ 1,012,263

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 6. LONG-TERM DEBT: (Continued)

Capital Improvement Refunding Revenue Bonds, Series 2011B:

On December 28, 2011, the City issued Capital Improvement Refunding Revenue Bonds totaling \$10,440,000. The Bonds are being issued for the purpose of (i) currently refunding all of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 2001, and (ii) paying certain costs of issuance incurred with respect thereto, including the premium for a Municipal Bond Insurance Policy. The proceeds of the Refunded Bonds were used to finance (i) the current refunding of the City's outstanding Public Service Tax and Guaranteed Entitlement Revenue Refunding and Improvement Bonds, Series 1992, (ii) the acquisition, relocation, construction and/or equipping of a parking garage, a fire station and related facilities on different sites of the City and other capital projects of the City, (iii) the capitalization of interest on a portion of the Refunding Bonds, (iv) the purchase of a surety bond to fund the Reserve Account relating to the Refunded Bonds, and (v) the cost of issuance with respect to the Refunded Bonds. This issuance results in an \$814,718 difference in cash flow requirements with a present value economic gain of \$574,623.

Principal payments are due annually on October 1, and interest payments (2.0% to 3.25%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2014 is as follows:

Municipal Marina		
Capital Improvement Refunding		
Revenue Bonds, Series 2011B		
Bond Year Ended	Principal	
October 1	Principal	Interest
2015	\$ 152,539	\$ 11,006
2016	168,613	5,953
	<u>\$ 321,152</u>	<u>\$ 16,959</u>

Visitor Information Center		
Capital Improvement Refunding		
Revenue Bonds, Series 2011B		
Bond Year Ended	Principal	
October 1	Principal	Interest
2015	\$ 48,517	\$ 89,505
2016	37,656	90,506
2017	145,737	92,295
2018	149,049	89,380
2019	154,018	85,840
2020-2024	836,333	357,073
2025-2029	1,010,224	183,390
2030-2031	230,199	10,071
	<u>\$ 2,611,733</u>	<u>\$ 998,060</u>

Water and Sewer Revenue Refunding Bonds, Series 2012:

On December 11, 2012, the City issued Water and Sewer Revenue Refunding Bonds, Series 2012 totaling \$15,930,000, to advance refund a portion of the outstanding principal amount of the City's Water and Sewer Revenue Bonds, Series 2003 maturing on October 1, 2013 and all of the outstanding principal amount maturing on and after October 1, 2014; to finance the costs of certain capital improvements to the City's Water and Sewer System, including without limitation water main and pipeline replacements (\$4,530,000); to pay Assured Guaranty Municipal Corp. a premium for insuring the 2012 Bonds; to purchase for deposit to the Reserve Account, a Reserve Fund Surety Bond issued by Assured securing the 2012 Bonds and certain other bonds issued on a parity with the 2012 Bonds; and to pay the costs of issuing

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 6. LONG-TERM DEBT: (Continued)

the 2012 Bonds. This issuance results in a \$1,672,283 difference in cash flow requirements with a present value economic gain of \$1,522,648.

Principal payments are due annually on October 1, and interest payments (2.0% to 3.25%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2014 is as follows:

Bond Year Ended October 1	Water and Sewer Fund	
	Capital Appreciation Bonds, Series 2012	
	Principal	Interest
2015	\$ 1,475,000	\$ 545,275
2016	1,535,000	486,275
2017	1,595,000	424,875
2018	1,620,000	400,950
2019	1,650,000	368,550
2020-2023	6,640,000	786,150
	\$ 14,515,000	\$ 3,012,075

Capital Improvement and Refunding Revenue Bonds, Series 2013:

On February 15, 2013, the City issued Capital Improvement and Refunding Revenue Bonds totaling \$20,645,000 to advance refund a portion of the outstanding principal amount of the City's Capital Improvement and Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034; and to finance the acquisition, construction and equipping of a portion of the cost of various capital improvement projects located within the City, including without limitation, the Historic Downtown Parking Facility and other municipal capital improvement projects to City facilities and infrastructure on file with the City; and to pay the costs of issuing the Series 2013 Bonds. This issuance results in a \$1,377,123 difference in cash flow requirements with a present value economic gain of \$1,078,678.

Principal payments are due annually on October 1, and interest payments (2.0% to 5.0%) are due semi-annually on April 1 and October 1. The annual requirement to amortize long-term bonded debt outstanding as of September 30, 2014 is as follows:

Bond Year Ended October 1	Capital Improvement Refunding	
	Revenue Bonds, Series 2013	
	Principal	Interest
2015	\$ -	\$ 780,528
2016	356,164	780,528
2017	583,713	769,843
2018	598,553	752,332
2019	687,594	734,375
2020-2024	3,749,613	3,350,289
2025-2029	4,496,568	2,621,440
2030-2034	7,810,870	1,505,213
2035-2039	312,500	85,064
2040-2041	146,250	11,063
	\$ 18,741,825	\$ 11,390,675

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 6. LONG-TERM DEBT: (Continued)

Capital Improvement and Refunding Revenue Bonds, Series 2004:

On October 14, 2004, the City Issued Capital Improvement and Refunding Revenue Bonds totaling \$22,155,000 to refund the 1995 Series Revenue Bonds and construct a parking garage and other capital improvements for the City. Payment of maturing principal and interest (2.00 percent to 5.00 percent) on these bonds is provided for in the Debt Service Fund.

In 2013, the Series 2013 Bonds were issued, in part, to advance refund a portion of the outstanding principal amount of the City's Capital Improvement Refunding Revenue Bonds, Series 2004 maturing on October 1, 2016 and all of the Series 2004 Bonds maturing on October 1, in the years 2017 through and including 2029 and in 2034.

Principal payments are due annually on October 1, and interest payments are due semi-annually on April 1 and October 1. The annual requirement to amortize bonded debt outstanding as of September 30, 2014, is as follows:

Bond Year Ended October 1	Visitor Information Center Capital Improvement & Revenue Refunding Bonds, Series 2004	
	Principal	Interest
2015	\$ 361,111	\$ 61,358
2016	34,627	48,268
2017	-	46,969
2018	-	46,969
2019	-	46,969
2020-2024	-	234,845
2025-2029	-	234,845
2030	1,043,759	46,969
	<u>\$ 1,439,497</u>	<u>\$ 767,192</u>

On September 1, 2013, the City entered into a lease purchase agreement for the purchase of a new pumper fire truck from Ferrara Fire Apparatus, Inc. The City made a down payment of \$75,000 and financed the remaining \$215,000 over five years.

Principal and interest payments are due annually on November 1. The annual requirement as of September 30, 2014, is as follows:

Agreement Year Ended October 1	Fire Truck Lease Purchase Agreement	
	Principal	Interest
2015	\$ 39,954	\$ 6,790
2016	42,035	4,709
2017	43,166	3,578
2018	44,327	2,417
2019	45,519	1,224
	<u>\$ 215,000</u>	<u>\$ 18,718</u>

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 7. CHANGES IN LONG-TERM DEBT:

During the year ended September 30, 2014 the following changes occurred in the City's long-term obligations:

**Primary Government
Governmental Activities**

	Balance 10/1/2013	Increases	Decreases	Balance 9/30/2014	Current Portion
General Long-Term Debt & Obligations					
Capital Improvement and Refunding Revenue Bonds	\$ 24,106,979	\$ -	\$ 396,187	\$ 23,710,792	\$ 402,833
Capital Lease Obligation	-	215,000	-	215,000	39,954
Accrued Compensated Absences	2,301,206	1,156,311	1,233,183	2,224,334	76,872
Total General Long-Term Obligations	<u>26,408,185</u>	<u>1,371,311</u>	<u>1,629,370</u>	<u>26,150,126</u>	<u>519,659</u>
Proprietary Fund Long-Term Obligations					
Accrued Compensated Absences	672,429	347,404	335,660	684,173	34,890
Water and Sewer Revenue Bonds	21,800,000	-	1,985,000	19,815,000	2,065,000
Capital Improvement and Refunding Revenue Bonds	23,663,021	-	548,813	23,114,208	562,167
Total Proprietary Fund Long-Term Obligations	<u>46,135,450</u>	<u>347,404</u>	<u>2,869,473</u>	<u>43,613,381</u>	<u>2,662,057</u>
Total Long-Term Debt & Obligations	<u>\$ 72,543,635</u>	<u>\$ 1,718,715</u>	<u>\$ 4,498,843</u>	<u>\$ 69,763,507</u>	<u>\$ 3,181,716</u>

NOTE 8. INTERFUND RECEIVABLES, PAYMENTS, AND TRANSFERS:

A. At September 30, 2014, interfund payments and transfers are as follows:

<u>Fund Type/Fund</u>	<u>Transfers-in</u>	<u>Transfers-out</u>
GOVERNMENTAL FUNDS		
General Fund	\$ 2,458,674	\$ 3,714,113
Special Revenue Fund	306,124	492,515
Debt Service Fund	1,619,426	-
Capital Projects Fund	754,433	-
Permanent Fund	248,697	-
PROPRIETARY FUNDS		
Utility Fund	569,117	954,813
Stormwater Fund	88,321	252,482
Solid Waste Fund	15,000	175,176
Municipal Marina Fund	27,031	173,349
Visitor Information Center	492,515	816,890
	<u>\$ 6,579,338</u>	<u>\$ 6,579,338</u>

Transfers are used to move unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations, and to segregate money for anticipated capital projects.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 8. INTERFUND RECEIVABLES, PAYMENTS, AND TRANSFERS: (Continued)

<u>Fund Type/Fund</u>	<u>Administrative Overhead Charges</u>	<u>Administrative Overhead Expenses</u>
GOVERNMENTAL FUNDS		
General Fund	\$ 2,134,031	\$ -
PROPRIETARY FUNDS		
Utility Fund	-	1,556,426
Stormwater Fund	-	88,319
Solid Waste Fund	-	368,741
Municipal Marina Fund	-	64,845
Visitor Information Center	-	55,700
	<u>\$ 2,134,031</u>	<u>\$ 2,134,031</u>

Administrative overhead charges are primarily used to move funds from proprietary funds to the General Fund for an allocated amount of overhead. These charges are not eliminated in the financial statements as such elimination would not accurately report the activities of the funds benefited.

B. At September 30, 2014, interfund receivables are as follows:

<u>Fund Type/Fund</u>	<u>Due to</u>	<u>Due from</u>
GOVERNMENTAL FUNDS		
General Fund	\$ -	\$ 217,790
Capital Projects Fund	-	-
Permanent Fund	349	-
PROPRIETARY FUNDS		
Utility Fund	-	50,000
Stormwater Fund	-	-
Solid Waste Fund	-	-
Municipal Marina Fund	267,441	-
Visitor Information Center	-	-
	<u>\$ 267,790</u>	<u>\$ 267,790</u>

Interfund balances represent amounts loaned to or borrowed from other funds to assist in financing the operations of the borrowing fund.

NOTE 9. OPERATING LEASES:

The City leases various City and State owned buildings and properties under the terms of operating leases. The cost of the buildings and properties leased is not specifically identifiable as most of the leases are for only a portion of the building or property occupied. Future rental income expected from these leases is as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2015	\$ 1,113,096
2016	1,146,489
2017	1,180,884
2018	1,216,310
2019	1,252,799
Total future minimum rentals	<u>\$ 5,909,578</u>

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS:

The City of St. Augustine has established three pension trust funds. Each plan is administered by a Board of Trustees in which City administration and members of the plans are represented. The General Fund would be used to liquidate any of the obligations for these pension funds or any other post-employment benefit. Disclosures relating to the individual pension trust funds and other post-employment benefits are as follows:

A. General Employees' Retirement System:

1. Plan Description:

The City of St. Augustine General Employees' Retirement System (System), a single-employer defined benefit pension plan, was authorized in its original form by City Ordinance 88-54, amending Chapter 20, Article IV of the Code of the City of St. Augustine, effective September 26, 1988. The Ordinance, along with five additional amendments, are used to govern the plan. The System is classified as a fiduciary trust fund of the City. The System is presented as a fiduciary fund of the City and stand-alone financial reports can be obtained through the City Clerk's office.

Any full-time City employee (those who work 40 or more hours per week), other than regular members of the Police and Fire Departments of the City, is eligible to become a member of this System. The City Manager may elect not to participate in the System. As of September 30, 2014, the System had 215 active participants, 118 retirees/beneficiaries and 13 vested terminated participants and 35 with refunds pending. The total payroll for eligible employees covered by this System was \$8,705,000.

As stipulated by City Ordinance 88-54, authority to establish and amend benefit provisions of the System rest with the City Commission, along with the authority to provide for cost of living adjustments. Benefits are calculated using the average of the highest five years of earnings within ten years of retirement or termination. For each year of credited service to a maximum of 35 years, monthly benefits shall be earned at the rate of two and a half percent of the member's average final salary. A supplemental annuity benefit is available to senior managers and directors pay grade 32 and above who retire after March 31, 2002, with ten or more years of credited service earned after March 31, 2002. The annuity amount is .5 percent of final average compensation times credited service up to 35 years for service in pay grades 32 through 35 and 1 percent of final average compensation times credited service up to 35 years for pay grades 36 and higher. Benefits are paid for the life of the participant with 60 percent continued to a surviving eligible spouse, unless optional forms of payments are elected. Eligibility for normal retirement is the earlier of age 65 and 5 years of service, age 60 and 10 years of service, or age 55 and 25 years of service. No benefits will be paid to a member upon termination if the termination occurs prior to the completion of ten years of service. The member, however, will receive his or her contribution to the plan, along with 3 percent interest.

If a member of the System dies a non-duty death or becomes disabled prior to five years of service, the member or beneficiary will receive a refund of the member's contribution to the fund. If a member dies in the line of duty or has 5 years of service, the eligible spouse will receive 60 percent of the projected benefits (with service credit extended to age 60) and eligible children will receive 10 percent of the projected benefits to a maximum of 20 percent.

Duty related disability with five or more years of service provides benefits under the group disability insurance contract. Upon termination of insurance, the pension benefit is computed as a normal retirement with additional service credit granted.

Members with ten or more years of service who have attained age and service conditions for normal retirement but are within five years of the earliest normal retirement date may elect to have their terminated benefits calculated as if the member had retired at an eligible normal retirement date up to five years earlier on or after February 13, 2006. Benefits that would have been payable are accumulated at interest to date of termination and paid or rolled over in a single sum, and payments are made directly to the member thereafter.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

In the event the Plan terminates, the assets of the retirement system shall be apportioned and distributed in accordance with the established provisions of Section 20-135 of the City of St. Augustine Code, which provides for the distribution of assets in the following order:

- a. To provide for all expenses of the Plan including any cost of liquidation; then
- b. To provide for the payment of each participant and non-retired former participant an amount equal to his or her accumulated participant contributions; then
- c. To provide for the continuance of retirement allowances to retirees and beneficiaries; then
- d. To provide for the potential rights of participants and former participants entitled to a vested termination retirement allowance; then
- e. To revert back to the City if any excess exists after satisfying subsections a through d above.

The Plan is a governmental benefit plan and is tax exempt under the IRS Code.

2. Summary of Accounting Policies:

The following are the significant accounting policies followed by the System:

- a. Basis of Accounting - The financial statements of the System are prepared using the accrual basis of accounting in conformity with Generally Accepted Accounting Principles. Under this basis, revenue is recognized in the period earned, expenses are recognized in the period the obligation is incurred, and employee and employer contributions are recognized as revenue in the period in which the employee services are performed.
- b. Valuation of Investments – Investments are reported at fair value as provided by the System’s asset manager, Salem Trust Company. The summary of investments at September 30, 2014, is as follows:

	Cost Value	Market Value
US Treasury Obligations & Government Agencies	\$ 1,667,790	\$ 1,696,160
Corporate & Foreign Bonds	2,684,249	2,642,035
Municipal Obligations	266,549	267,624
Equity Securities	16,415,385	20,512,619
Other Assets	2,803,955	5,336,274
	\$ 23,837,928	\$ 30,454,712

3. Funding Policy, Contributions, Status and Progress:

The City of St. Augustine General Employees' Retirement System is funded under the provisions of Chapter 20, Article IV, St. Augustine Code and Chapter 112, Florida Statutes. Funding arrangements include contributions by retirement system members, the City of St. Augustine, and investment income from retirement system assets. Administrative costs of the System are financed through investment earnings.

Effective November 8, 1988, contributions by retirement system members are based on four percent of compensation while the City of St. Augustine contributes one percent of compensation on behalf of the employees. Previously, retirement system members contributed five percent of compensation.

The System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. For the year ended September 30, 2014, the City made an actuarial contribution of 18.56 percent in addition to the required one percent contributed on behalf of the employees.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

The following is funded status information for the plan as of September 30, 2014, the most recent actuarial valuation date (in thousands):

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Covered Payroll	UAAL as a % of Covered Payroll [(2)-(1)/(5)]
9/30/2014	\$ 29,517	\$ 39,206	\$ 9,689	75.29%	\$ 8,705	111.30%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4. Annual Pension Cost:

For 2014, the City's annual pension cost was \$1,770,344. The City's actual contribution was \$1,893,589. The annual required contribution for the current year was determined as part of the October 1, 2013, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions in the October 1, 2013, valuations included (a) 7.75% investment rate of return; (b) projected salary increases of 3.5-7%; and (c) 3.25% rate of inflation. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined by adjusting the expected values of assets as of any valuation date by a portion of the cumulative differences of the market value of assets and the expected actuarial value of assets. Each difference is fully recognized over a period not to exceed five years. The unfunded actuarial liability is being amortized over 15 years as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset)
9/30/2012	\$1,503,039	97%	(307,755)
9/30/2013	\$1,689,458	99%	(302,672)
9/30/2014	\$1,770,344	107%	(425,916)

Fiscal Year Ended September 30, 2014	Annual
Annual Required City Contribution (ARC)	\$ 1,749,201
Interest on NPO	(23,456)
Adjustment to ARC	44,600
Annual Pension Cost	1,770,345
Contributions Made	1,893,589
Decrease in NPO	(123,244)
NPO Beginning of Year	(302,672)
NPO End of Year	\$ (425,916)

5. Concentrations:

Salem Trust, Sawgrass Asset Management, Tradewinds, Europacific Growth, Vanguard Total International Stock, Principal U.S. Property and Integrity Management Fixed Income currently hold investments of the system which consist of a bond and mortgage account, U.S. stock account, international stock account and a

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

real estate account. The value of assets managed by these companies and their relation to the net assets of the plan as of September 30, 2014 is as follows:

	<u>Market Value</u>	<u>Percent of Net Assets</u>
Domestic Equity Securities	\$ 20,032,809	63%
International Equity Securities	479,810	2%
Real Estate	4,610,861	15%
Fixed Income Securities	5,331,232	17%
Cash & Short term Investments	954,694	3%
	<u>\$ 31,409,406</u>	<u>100%</u>

B. Police Officers' Retirement System

1. Plan Description:

The St. Augustine Police Officers' Retirement System (System), a single-employer defined benefit plan, was created June 1, 1957, by the City of St. Augustine, Article X of the St. Augustine Code, under the provisions of general law pertaining to Municipal Police Officers' Retirement Trust Fund (Chapter 185, Florida Statutes). The System is presented as a fiduciary fund of the City and stand-alone financial reports can be obtained through the City Clerk's office.

Any police officer who is a regular member of the police department of the City of St. Augustine is a member of this retirement system. As of September 30, 2014, the System had 49 active participants, 21 retirees/beneficiaries, 4 disabled participants, 9 vested/terminated participants and 0 pending refund. The total payroll for eligible employees covered by this System was \$2,812,632.

As stipulated by City Ordinance 88-75, authority to establish and amend benefit provisions of the retirement system rests with the City Commission, along with the authority to provide cost of living adjustments. Benefits are calculated using the average of the highest five years of earnings within ten years of retirement or termination. For each year of creditable service, monthly benefits shall be earned at the rate of 2.5 percent to 3.0 percent of the member's average final salary. Benefits are paid for life with 120 monthly payments guaranteed. Eligibility for normal retirement is the earlier of age 55 and 10 years of service or 25 years of service regardless of age. No benefits will be paid to a member upon termination if termination occurs prior to the completion of 10 years of service.

If a retirement system member dies before becoming eligible for any retirement benefits, the beneficiary will receive a refund, not including interest, of the deceased's member contributions to the fund. If ten years of creditable service had been attained, then the accrued benefit of the member is due to the surviving spouse, payable in 120 monthly payments. Disability benefits are based on the accrued benefit and are due to the member as of the disability retirement date. Minimum benefit is 42 percent of the average monthly earnings if the disability occurred in the line of duty, otherwise, the minimum benefit would be 25 percent of the average monthly benefits.

In the event the plan terminates, or upon written notice to the Board of Trustees that contributions they are under are being permanently discontinued, the assets of the retirement system shall be apportioned and distributed in accordance with the established provisions of Section 185.37, Florida Statutes. The amount of benefits which at the time of termination has accrued to the member or beneficiary shall not be affected, except to the extent that the assets of the retirement system may be determined to be inadequate.

The plan is a governmental benefit plan and is tax exempt under the Internal Revenue Service Code.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

2. Summary of Accounting Policies:

a. Basis of Accounting - The financial statements of the System are prepared using the accrual basis of accounting in conformity with generally accepted accounting principles. In addition, fair value is used in the financial statements in presenting investments. Under this basis, revenue, including net changes in fair value of investments, is recognized in the period earned, expenses are recognized in the period the obligation is incurred, and employee and employer contributions are recognized as revenue in the period in which the employee services are performed.

b. Valuation of Investments – Quoted market prices, not original costs, are used to value investments as provided by Salem Trust Company, investment custodians for the plan. Many factors are considered in determining the fair value of these investments. The results of these factors may cause the fair value of these investments to increase or decrease during the course of the year. On many occasions, the fair value may be higher or lower than the original purchase price of the investment.

	<u>Cost Value</u>	<u>Fair Value</u>
Fixed Income and Equity Mutual Funds	\$ 4,106,966	\$ 4,192,625
Real Estate	1,800,000	2,335,169
Governmental Obligations	56,451	62,594
Stocks	6,768,460	8,389,475
	<u>\$ 12,731,877</u>	<u>\$ 14,979,863</u>

3. Funding Policy, Contributions, Status and Progress:

The St. Augustine Police Officers' Retirement System is funded under the provisions of Article X, Section 10.03, St. Augustine Code and Chapter 185.07, Florida Statutes. Funding arrangements include contributions by retirement system members, the City of St. Augustine, percentage of casualty insurance premiums collected on property located within the corporate limits of the City of St. Augustine, accretions to the fund by way of interest on bank deposits or otherwise, and any other source of income authorized by law to increase the retirement fund. At September 30, 2014, contributions by retirement system members are based on 5.5 percent of compensation while the City of St. Augustine contributes a minimum of 2.5 percent of compensation. Previously, retirement system members contributed four percent of fixed monthly compensation. The Board of Trustees for the Plan anticipates the above funding methods will result in all members' benefits being fully provided for by the time of their retirement. Effective October 1, 1993, the member contributions were changed from after tax compensation to pre-tax compensation.

Administrative costs are funded by City and member contributions.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The City made an actuarial contribution of 15.35 percent during the fiscal year ended September 30, 2014.

The following is funded status information for the plan as of September 30, 2014, the most recent actuarial valuation date (in thousands):

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Covered Payroll	UAAL as a % of Covered Payroll [(2)-(1)/(5)]
9/30/2014	\$ 14,945	\$ 15,850	\$ 905	94.29%	\$ 2,812	32.18%

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4. Annual Pension Cost:

For 2014, the City's annual pension cost was \$531,522. The actual contribution was \$571,885. The annual required contribution for the current year was determined as part of the October 1, 2013, actuarial valuation using the Individual Entry Age Actuarial Cost Method. The actuarial assumptions in the October 1, 2013, valuations included (a) 7.75% investment rate of return; (b) projected salary increases of 3.5-7%; and (c) 3.25% rate of inflation. The assumptions did include post-retirement benefits with a cost of living adjustment of up to 3%. The actuarial value of assets was determined by adjusting the expected value of assets as of any valuation date by a portion of the cumulative differences of the market value of assets and the expected actuarial value of assets starting from October 1, 1990. Each difference is fully recognized over a period not to exceed five years. The unfunded actuarial liability is being amortized over 15 years as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/2012	\$607,066	90%	102,556
9/30/2013	\$494,828	96%	124,109
9/30/2014	\$531,522	108%	83,746

Fiscal Year Ended September 30, 2014	Annual
Annual Required City Contribution (ARC)	\$ 538,160
Interest on NPO	9,618
Adjustment to ARC	(16,256)
Annual Pension Cost	531,522
Contributions Made	(571,885)
Decrease in NPO	(40,363)
NPO Beginning of Year	124,109
NPO End of Year	\$ 83,746

5. Concentrations:

As of September 30, 2014, the Plan had no investments that exceeded five percent of the Plan's net assets as of that date.

C. Firefighters' Retirement System:

1. Plan Description:

The City of St. Augustine Firefighters' Retirement System (System), a single-employer defined benefit pension plan, was authorized in its present form by City Ordinance 87-60, amending Chapter 20, Article V of the Code of the City of St. Augustine, effective December 4, 1987. The System is classified as a fiduciary trust fund of the City. The System is presented as a fiduciary fund of the City and stand-alone financial reports can be obtained through the City Clerk's office.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

Any City full-time firefighter and retired firefighter is eligible to become a member of this System. As of September 30, 2014, the System had 31 active participants and 23 retirees/beneficiaries. The total payroll for employees covered by this System for the year ended September 30, 2014 was \$1,569,689.

As stipulated by City Ordinance 87-60, authority to establish and amend benefit provisions of the Fund rests with the City Commission, along with the authority to provide for cost of living adjustments. Benefits are calculated using the average of the highest five years of earnings within ten years of retirement or termination. For each year of credited service to a maximum of 35 years, monthly benefits shall be earned at the rate of 3.0 percent of the member's average final compensation. Benefits are paid for the life of the participant with ten years certain. Eligibility for normal retirement is the earlier of age 55 and 10 years of credited service or 25 years of credited service, regardless of age. No benefits will be paid to a participant if termination occurs prior to the completion of ten years of service. Such participants, however, will receive their contributions to the plan along with three percent interest.

If a member of the Fund dies a non-duty death prior to five years of service, the beneficiary will receive the member's contribution with three percent interest. If a member dies in the line of duty or has five years of credited service, the beneficiary will receive the value of accrued benefits based on the member's average final compensation (AFC) and credited service. Disability benefits, as determined by the Board of Trustees, are the member's accrued benefits, but not less than 42 percent of AFC for service incurred and 25 percent for non-service incurred disabilities. Benefits are paid in the form of a ten-year certain and life annuity.

In the event the plan terminates, the assets of the retirement system shall be apportioned and distributed in accordance with the established provisions of Section 20-210 of the Code of the City of St. Augustine. The amount of benefits, which at the time of termination has accrued to the member or beneficiary shall not be affected except to the extent that the assets of the retirement system may be determined to be inadequate.

The plan is a governmental benefit plan and is tax exempt under the IRS Code.

2. Summary of Accounting Policies:

The following are the significant accounting policies followed by the System:

- a. Basis of Accounting - The financial statements of the System are prepared using the accrual basis of accounting in conformity with Generally Accepted Accounting Principles. Under this basis, revenue is recognized in the period earned, expenses are recognized in the period the obligation is incurred, and employee and employer contributions are recognized as revenue in the period in which the employee services are performed.
- b. Valuation of Investments – Investments are reported at fair value as provided by the Fund's investment manager Fifth Third Bank. Fifth Third arrives at fair value through the use of broker and pricing services. The summary of investments at September 30, 2014, is as follows:

	Cost Value	Fair Value
Corporate and Government Bonds	\$ 4,067,919	\$ 4,072,380
International exchange traded fund	808,319	1,009,278
Common Stock & Short Term Investments	4,067,618	6,054,296
	\$ 8,943,856	\$ 11,135,954

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

3. Funding Policy, Contributions, Status and Progress:

The City of St. Augustine Firefighters' Retirement System plan was created in 1987 under City Ordinance 87-60 amending Section 20, Article V of the Code of the City of St. Augustine, Florida. The Plan was substantively amended in 1993, 1995, 2000, 2001 and 2005. In addition, the Plan is a local law plan subject to provisions of Chapter 175 of the State of Florida Statutes. Funding arrangements include contributions by retirement system members, the City of St. Augustine, 1.85 percent premium tax for property insurance and investment income from the retirement system assets. Administrative costs of the fund are financed through investment earnings. For the current fiscal year the state premium tax revenue was \$186,295.

Effective September 22, 2008, contributions by retirement system members are based on five percent of compensation while the City of St. Augustine contributes one percent of compensation on behalf of members. Previously, retirement system members contributed four percent.

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. The City was required to make an actuarial contribution of 13.76 percent during the fiscal year ended September 30, 2014, in addition to the ordinance-required contribution of 3.5 percent.

The following is funded status information for the plan as of October 1, 2013, the most recent actuarial valuation date (in thousands):

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Covered Payroll	UAAL as a % of Covered Payroll [(2)-(1)/(5)]
10/1/2013	\$ 11,176	\$ 10,665	\$ (511)	104.79%	\$ 1,570	-32.55%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4. Annual Pension Cost:

For 2014, the City's annual pension cost was \$400,625. The City's actual contribution was \$381,591. The annual required contribution for the current year was determined as part of the October 1, 2012, actuarial valuation using the frozen entry age actuarial cost method. The actuarial assumptions in the October 1, 2012 valuations included (a) 7.5% investment rate of return; (b) projected salary increases of 4.5 -6.5% per year; and (c) 3% rate of inflation.

The actuarial value of assets was determined by adjusting the expected value of assets as of any valuation date by a portion of the cumulative differences of the market value of assets and the expected actuarial value of assets starting from October 1, 1990. Each difference is fully recognized over a period not to exceed five years. The unfunded actuarial liability is being amortized over 15 years as a level percentage of projected payroll on a closed basis.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	288,203	93%	(324,885)
9/30/2013	382,097	95%	(305,764)
9/30/2014	400,625	95%	(286,730)

Fiscal Year Ended September 30, 2014	Annual
Annual Required City Contribution (ARC)	\$ 381,591
Interest on NPO	(22,932)
Adjustment to ARC	41,966
Annual Pension Cost	400,625
Contributions Made	(381,591)
Decrease in NPO	19,034
NPO Beginning of Year	(305,764)
NPO End of Year	\$ (286,730)

5. Concentrations:

As of September 30, 2014, the Plan had no investments that exceeded five percent of the Plan's net assets as of that date.

D. Other Post-Employment Benefits (OPEB):

Pursuant to Section 112.0801 of the Florida Statutes, the City is required to permit participation in the single-employer defined benefit health insurance plan (the "Plan") by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees.

Based on Governmental Accounting Standards Board (GASB) approval of Statement Nos. 43 and 45 which set forth the guidelines and a future implementation timetable for reporting and disclosure of Other Post-Employment Benefits (OPEB), the City had an actuary calculate future funding requirements using an appropriate actuarial cost method. The valuation was performed as of September 30, 2014 and covers subsidies for medical insurance benefits. The City has elected to implement the provisions of GASB Statement No. 45 prospectively. The City's annual OPEB cost for the Plan is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The projected unit credit cost method was used to determine all liabilities, with the liability for each active employee assumed to accrue over the working lifetime based on elapsed time from the date of hire until retirement.

1. Plan Description:

The City provides optional post-employment benefits to all eligible individuals including lifetime medical, prescription, dental, and certain life insurance coverage. Eligible individuals include all employees of the City of St. Augustine who retire from active service under one of the pension plans sponsored by the City.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

Under certain conditions, eligible individuals also include spouses and dependent children. As of September 30, 2012, there were 299 future retirees, 16 retired and disabled participants receiving benefits, 1 spouse receiving benefits and 1 other dependent receiving benefits for a total of 317 included in the valuation. The Plan does not issue a publicly available financial report.

2. Funding Policy:

The City Commission is authorized to establish benefit levels and approve the actuarial assumptions used in the determination of contributions levels. The City Commission establishes the contributions requirements of plan members and the City. These contributions are neither mandated nor guaranteed. The retiree contributes the premium cost each month. Spouses and other dependents are also eligible for coverage, although the retiree pays the premium cost. Retirees must pay a monthly premium as determined by the insurance carrier. The premium varies depending on whether the retiree elects single, single plus spouse, single plus dependents, or family coverage. Currently, the City's subsidy to OPEB benefits is unfunded. There are no separate Trust Funds or equivalent arrangements into which the City makes contributions to advance-fund the OPEB obligations, as it does for its retiree pension plans. The City's cost of the OPEB benefits, funded on a pay-as-you-go basis, was \$201,362 for the year ended September 30, 2014. The ultimate implicit and explicit subsidies which are provided over time are financed directly by general assets of the City, which are invested in short-term fixed income instruments according to its current investment policy. The City selected an interest discount rate of 4.50% per annum, which is the long range expected return on such short-term fixed income instruments, to calculate the present values and costs of the OPEB. This is consistent with GASB Statement No. 45 guidance. Significant Actuarial Assumptions and methods used to estimate the OPEB liability are as follows:

Valuation date.....	September 30, 2014
Actuarial cost method.....	Projected Unit Credit Cost Method
Amortization method.....	Level Dollar Payment
Amortization period	30-Year Period
Assumed rate of return on investments ...	4.50% per annum
Inflation rate.....	5%
Projected salary increases.....	0%
Post-retirement benefit increases.....	0%

Assumed healthcare cost trend rates:

<u>Fiscal Year Ending</u>	<u>Percent Increase</u>
2014 - Thereafter	5.00%

3. Actuarial Methods:

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. Actuarial calculations reflect a long-term perspective and the methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 10. EMPLOYEE BENEFITS: (Continued)

4. Annual OPEB Cost and Net OPEB Obligation:

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the actuarial liabilities (or funding excess) over a period not to exceed 30 years. The amortization periods used are closed. The City's annual OPEB cost for the fiscal year was \$201,362.

The City's annual OPEB cost and net OPEB obligation for the year ended September 30, 2014 is as follows:

Annual Required City Contribution (ARC)	\$	210,135
Interest on Plan Obligation		24,083
Adjustment to ARC		(32,856)
Annual Plan Retiree Cost		201,362
Contributions Made		(79,253)
Increase in Plan Obligation		122,109
Plan Obligation Beginning of Year		535,184
Plan Obligation End of Year	\$	657,293

The City's percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ended September 30, 2014 is as follows:

Fiscal Year Ending	Annual City Retiree Cost	City* Contributions	Percentage of Cost Contributed	Net Obligation (Asset)
9/30/2014	\$ 201,362	\$ 79,253	39%	\$ 657,293

*Limited to the difference between age-adjusted and composite premiums paid for retirees during the year.

The 2014 contribution represented 39% of the annual required contribution. The actuarial valuation for the Plan was done as of September 30, 2014. As of September 30, 2014, the most recent actuarial valuation date, the Plan was unfunded. The actuarial accrued liability for benefits was \$2,103,573, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,103,573. The covered payroll was \$13,913,431, and the ratio of the UAAL to the covered payroll was 15.12%.

The Schedule of Funding Progress, presented as Required Supplementary Information immediately following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 11. 457 TAX-DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. On August 20, 1996, Section 457 of the Code was amended with the passage of the Small Jobs Protection Act of 1996. The Code now requires employers to maintain the plan assets in a trust, custodial account or annuity for each individual member as of January 1, 1999. Since the inception of its plan on October 1, 1993, the City has deposited all funds in a custodial account with The Variable Annuity Life Insurance Company.

In October 1997, the GASB issued Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. This statement allows the employer to not report the assets and liabilities in their financial statements if the employer has met the new criteria of the Internal Revenue Code, Section 457 and does not retain fiduciary accountability for the plan assets. In fiscal year 1998, the City amended its deferred compensation plan to reflect the changes in the Internal Revenue Code and, in the opinion of management, does not retain fiduciary accountability for plan assets. Accordingly, the City has implemented GASB No. 32 and is no longer

CITY OF ST. AUGUSTINE, FLORIDA
Notes to the Financial Statements
September 30, 2014

NOTE 11. 457 TAX-DEFERRED COMPENSATION PLAN: (continued)

including the assets and liabilities of the deferred compensation plan in its financial statements. There is no effect on the City's overall fund balance as the plan was an agency fund in which plan assets equal liabilities.

NOTE 12. DEFICIT NET POSITION

The Visitor Information Center (VIC) Fund had a deficit net position of \$3,590,808 at September 30, 2014. This deficit has been the result of the funds debt service payments for the construction of the Historic District Parking Facility. The VIC Fund operating revenue exceeds its operating expenses for the current year and has done so for the previous four (4) years. It is anticipated that the increase in the daily parking rate in fiscal year 2015 will generate a positive change in net position for future years.

NOTE 13. SPECIAL ASSESSMENT TAXING DISTRICT

During the fiscal year ended September 30, 2014, property owners within the Downtown Improvement District agreed to a repayment schedule for an interfund loan used to improve Spanish Street, Hypolita Street and Treasury Street. The interfund loan will be repaid from amounts levied against property owners within the district starting in fiscal year 2015. Those amounts, including 3% interest, are 100 percent pledged to pay the scheduled principal and interest payments on the special assessment interfund loan.

NOTE 14. SUBSEQUENT EVENT

Management has evaluated subsequent events through March 27, 2015, the date the financial statements were available to be issued, and has determined that no subsequent events have occurred that would require adjustment to or disclosure in the financial statements other than discussed above.

**Required Supplementary
Information Other than
Management Discussion & Analysis
(MD&A)**

CITY OF ST. AUGUSTINE, FLORIDA

**General, Police, and Fire Employees' Pension Plans
Required Supplementary Information
Schedule of Funding Progress
(Dollar Amounts in Thousands)**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(2)-(1)/(5)]
General Pension:						
9/30/2014	\$ 29,517	\$ 39,206	\$ 9,689	75.29%	\$ 8,705	111.30%
9/30/2013	26,834	37,276	10,442	71.99%	8,442	123.69%
9/30/2012	24,961	35,346	10,385	70.62%	8,136	127.64%
9/30/2011	25,072	33,935	8,863	73.88%	8,288	106.94%
9/30/2010	24,932	31,861	6,929	78.25%	9,118	75.99%
9/30/2009	23,817	29,574	5,757	80.53%	9,501	60.59%
9/30/2008	23,258	27,153	3,895	85.66%	9,357	41.63%
9/30/2007	22,172	25,909	3,737	85.58%	9,000	41.52%
9/30/2006	20,135	22,726	2,591	88.60%	8,004	32.37%
9/30/2005	18,481	19,674	1,193	93.94%	7,073	16.87%
Police Pension:						
9/30/2014	14,945	15,850	905	94.29%	2,813	32.17%
9/30/2013	14,003	15,128	1,126	92.56%	2,573	43.75%
9/30/2012	13,243	14,280	1,037	92.74%	2,238	46.34%
9/30/2011	13,299	13,823	524	96.21%	2,280	22.98%
9/30/2010	13,078	13,980	902	93.55%	2,566	35.15%
9/30/2009	12,759	13,428	669	95.01%	2,780	24.08%
9/30/2008	12,951	13,473	522	96.13%	2,495	20.92%
9/30/2007	12,424	12,544	120	99.04%	2,576	4.66%
9/30/2006	11,383	11,846	463	96.09%	2,287	20.23%
9/30/2005	10,566	11,052	486	95.60%	2,273	21.40%
Fire Pension:						
9/30/2014	11,176	10,665	(511)	104.79%	1,570	-32.55%
9/30/2013	9,399	9,181	(218)	102.37%	1,547	-14.09%
9/30/2012	8,583	8,399	(184)	102.19%	1,512	-12.17%
9/30/2011	8,139	7,909	(230)	102.91%	1,349	-17.05%
9/30/2010	8,390	8,207	(183)	102.23%	1,234	-14.83%
9/30/2009	8,301	8,123	(178)	102.19%	1,518	-11.73%
9/30/2008	8,222	8,031	(191)	102.38%	1,413	-13.52%
9/30/2007	8,089	9,377	1,288	86.27%	1,310	98.30%
9/30/2006	7,428	8,771	1,343	84.69%	930	144.46%
9/30/2005	6,904	8,311	1,408	83.06%	843	166.90%

CITY OF ST. AUGUSTINE, FLORIDA

General, Police, and Fire Employees' Pension Plans

Required Supplementary Information

Schedule of Employer Contributions and Other Contributing Entities

Year Ended September 30	Annual Required Contribution	* City Contribution	* State Premium Tax	Percentage Contributed
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General Pension:

2014	\$ 1,749,201	\$ 1,893,589	\$ -	108.25%
2013	1,667,960	1,684,375	-	100.98%
2012	1,481,755	1,461,196	-	98.61%
2011	1,343,701	1,176,148	-	87.53%
2010	1,215,253	1,206,532	-	99.28%
2009	1,127,814	1,192,706	-	105.75%
2008	853,483	1,039,614	-	121.81%
2007	620,509	828,381	-	133.50%
2006	590,879	679,414	-	114.98%
2005	442,355	457,095	-	103.33%

Police Pension:

2014	538,160	571,885	-	106.27%
2013	500,312	473,275	-	94.60%
2012	608,954	544,445	-	89.41%
2011	504,989	430,980	-	85.34%
2010	390,534	326,733	-	83.66%
2009	401,752	346,738	-	86.31%
2008	408,444	381,564	-	93.42%
2007	458,190	372,637	-	81.33%
2006	444,681	215,128	271,723	109.48%
2005	292,480	56,415	246,906	103.71%

Fire Pension:

2014	381,591	195,296	186,295	100.00%
2013	362,976	261,542	101,434	100.00%
2012	268,282	168,349	99,934	100.00%
2011	258,240	152,842	105,398	100.00%
2010	202,533	95,719	106,814	100.00%
2009	130,541	26,693	126,483	117.34%
2008	41,650	-	268,679	645.09%
2007	-	-	252,226	-
2006	27,000	-	212,014	785.24%
2005	29,590	-	169,201	571.82%

*** General and police contributions for the City and State are adjusted for interest credits to the end of the fiscal year, as per the plan's actuarial valuation, dated September 30, 2014. As a result, the amount indicated above will not be consistent with similar financial data exhibited in other areas of this report.**

CITY OF ST. AUGUSTINE, FLORIDA

**Note to the Schedule of Funding Progress and Schedule
of Employer and Other Contributions
For all Pension Plans**

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Valuation Date	9/30/2014	9/30/2014	9/30/2013
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Frozen Entry Age
Amortization Method	Level Percentage (closed) of Projected Payroll	Level Percentage (closed) of Projected Payroll	Level Percentage of pay, closed
Remaining Amortization Period	Weighted Average of 15 Years	Weighted Average of 15 Years	Weighted Average of 28 Years
Asset Valuation Method	5 Year Weighted Average of Difference Between Market & Expected Market	5 Year Weighted Average of Difference Between Market & Expected Market	4 Year Smoothing
Actuarial Assumptions:			
Investment Rate of Return	7.75% Annually	7.75% Annually	7.5% Annually
Projected Salary Increases	3.5-7%	3.5-7%	4.5-6.5%
Cost of Living Adjustments	none	Up to 3% Annually	none

CITY OF ST. AUGUSTINE, FLORIDA

**Other Post-Employment Benefits
Required Supplementary Information
Schedule of Funding Progress
(Dollar Amounts in Thousands)**

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2)-(1)	Funded Ratio (1)/(2)	Covered Payroll	UAAL as a Percentage of Covered Payroll [(2)-(1)/(5)]
9/30/2014	\$ -	\$ 2,104	\$ 2,104	0.00%	\$ 13,913	15.12%
9/30/2013	-	1,866	1,866	0.00%	13,378	13.94%
9/30/2012	-	1,818	1,818	0.00%	12,829	14.17%
9/30/2011	-	2,311	2,311	0.00%	13,926	16.59%
9/30/2010	-	2,235	2,235	0.00%	13,391	16.69%
9/30/2009	-	2,169	2,169	0.00%	12,876	16.85%

CITY OF ST. AUGUSTINE, FLORIDA

**Other Post-Employment Benefits
Required Supplementary Information
Schedule of Employer Contributions and Other Contributing Entities**

Year Ended September 30	Annual Required Contribution	* City Contribution	Percentage Contributed
2014	\$ 210,135	\$ 79,254	37.72%
2013	195,312	103,993	53.24%
2012	238,486	110,995	46.54%
2011	228,216	134,757	59.05%
2010	218,388	111,198	50.92%
2009	208,983	74,329	35.57%

*** Limited to the difference between age-adjusted and composite premiums paid for retirees during the year.**

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Combining Statements

CITY OF ST. AUGUSTINE, FLORIDA

**Combining Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2014**

	General Employees' Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Employee Retirement Funds
ASSETS				
Cash and Short-term Investments	\$ 954,694	\$ 827,931	\$ 348,126	\$ 2,130,751
Receivables:				
Member Contributions	-	5,475	-	5,475
City Contributions	-	15,279	-	15,279
Interest and Dividends	69,292	13,288	28,937	111,517
Broker-dealers	-	-	-	-
Due from State	-	-	40,638	40,638
Total Receivables	69,292	34,042	69,575	172,909
Prepaid Expense	-	-	646	646
Investments, at Fair Value:				
U.S. Government Obligations Fund	433,407	62,594	1,928,258	2,424,259
U.S. Stock Fund	16,720,905	8,180,606	5,706,170	30,607,681
Mutual Funds - International Equity	4,390,706	208,869	-	4,599,575
Bond and Mortgage Fund	4,298,833	4,192,625	2,144,122	10,635,580
International Exchange Fund	-	-	1,009,278	1,009,278
Real Estate Fund	4,610,861	2,335,169	-	6,946,030
Total Investments	30,454,712	14,979,863	10,787,828	56,222,403
Total Assets	31,478,698	15,841,836	11,206,175	58,526,709
LIABILITIES				
Expenses Payable	50,203	25,174	30,090	105,467
Total Liabilities	50,203	25,174	30,090	105,467
NET POSITION				
Held in Trust for Pension Benefits	\$ 31,428,495	\$ 15,816,662	\$ 11,176,085	\$ 58,421,242

CITY OF ST. AUGUSTINE, FLORIDA

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2014**

	General Employees' Pension Fund	Police Officers' Pension Fund	Firefighters' Pension Fund	Total Employee Retirement Funds
ADDITIONS				
Contributions				
Members	\$ 299,058	\$ 140,007	\$ 81,662	\$ 520,727
City	1,818,974	387,688	270,792	2,477,454
State Insurance Premium Tax, from General Fund	-	167,880	186,295	354,175
Total Contributions	2,118,032	695,575	538,749	3,352,356
Investment Income				
Net Increase (Decrease) in Fair Value of Investments	2,756,755	1,391,461	631,246	4,779,462
Interest and Dividends on Investments	619,549	309,285	527,844	1,456,678
Total Investment Income	3,376,304	1,700,746	1,159,090	6,236,140
Less Investment Expenses	155,904	80,852	51,526	288,282
Net Investment Income	3,220,400	1,619,894	1,107,564	5,947,858
Total Additions	5,338,432	2,315,469	1,646,313	9,300,214
DEDUCTIONS				
Benefit Payments	1,870,471	625,009	611,109	3,106,589
Drop Payments	-	227,416	154,248	381,664
Termination Payments	76,480	24,054	-	100,534
Administrative Expenses	88,525	47,946	24,882	161,353
Total Deductions	2,035,476	924,425	790,239	3,750,140
Change in Net Position	3,302,956	1,391,044	856,074	5,550,074
Net Position - Beginning	28,125,539	14,425,618	10,320,011	52,871,168
NET POSITION - ENDING	\$ 31,428,495	\$ 15,816,662	\$ 11,176,085	\$ 58,421,242

**Schedule of Expenditures
of Federal Awards
and State Financial Assistance**

CITY OF ST. AUGUSTINE, FLORIDA
Schedule of Expenditures of Federal Awards and
State Financial Assistance
For the Year Ended September 30, 2014

Federal Grantor/Pass-through Grantor/Program	CFDA Number	Contract Number	Federal Expenditures
U.S. Department of Justice			
Florida Office of Criminal Justice			
St Augustine Police Dept. Equipment	16.738	2014JAGD-STJO-2-E6-024	5,363
St Augustine Police Dept. Equipment	16.738	201-JAGC-STJO-1-E5-028	20,992
Total U.S Department of Justice			26,355
U.S. Department of Homeland Security			
Florida Division of Emergency Management			
Flood Mitigation Assistance	97.029	FMA-PJ-04-FL-2010-002	726,857
U.S Department of Housing and Urban Development			
Florida Department of Community Affairs			
Community Development Block Grants	14.228	CDBG 11DB-L4-04-65-02-N 24	29,822
U.S Department of the Interior			
Department of Transportation			
TRIP Grants	20.520	P12PA30122	153,994
National Park Service			
450th Commemoration Commission	15.954	P14AC00303	12,441
Total Expenditures of Federal Awards			\$ 949,469

State Agency	CFSA Number	Contract Number	State Expenditures
Florida Inland Navigation	SRDG1	N/A	210,000
Florida Inland Navigation	SRDG1	N/A	130,917
Florida Inland Navigation	SSRD	N/A	210,000
Florida Inland Navigation	SSRD	N/A	100,000
Total Florida Inland Navigation			650,917
St. Augustine Port, Waterway, Beach	SRDG1	N/A	70,000
St. Augustine Port, Waterway, Beach	SRDG1	N/A	70,000
St. Augustine Port, Waterway, Beach	SSRD	N/A	100,000
Total St. Augustine Port, Waterway & Beach District			240,000
Florida Department of State			
Division of Historical Resources	N/A	MP 1404	750,000
St. Johns River Water Management District	N/A	27262	10,510
Florida Department of Environmental Protection			
Clean Vessel Act	N/A	CVA 11-632, MV075	4,186
Total Expenditures of State Financial Assistance			\$ 1,655,613

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STATISTICAL SECTION

Statistical Section

This section of the City of St. Augustine, Florida's comprehensive annual financial report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	134-141
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	142-146
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	
Debt Capacity	147-154
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	155-163
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	164-168
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

CITY OF ST. AUGUSTINE, FLORIDA

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
"UNAUDITED"**

	2004/05	2005/06	2006/07	2007/08
<u>Governmental Activities</u>				
Invested in Capital Assets, net of related debt	\$ 9,451,793	\$ 10,966,110	\$ 14,175,163	\$ 14,676,684
Restricted	3,203,122	1,134,402	631,370	303,051
Unrestricted	8,543,387	12,340,617	12,813,500	13,631,715
Total governmental activities net position	\$ 21,198,302	\$ 24,441,129	\$ 27,620,033	\$ 28,611,450
<u>Business-type activities</u>				
Invested in Capital Assets, net of related debt	\$ 6,027,693	\$ 11,785,907	\$ 22,747,771	\$ 33,767,723
Restricted	2,561,863	4,310,849	10,310,337	1,282,194
Unrestricted	11,490,954	11,489,120	9,225,883	17,596,927
Total business-type activities net position	\$ 20,080,510	\$ 27,585,876	\$ 42,283,991	\$ 52,646,844
<u>Primary Government</u>				
Invested in Capital Assets, net of related debt	\$ 15,479,486	\$ 22,752,017	\$ 36,922,934	\$ 48,444,407
Restricted	5,764,985	5,445,251	10,941,707	1,585,245
Unrestricted	20,034,341	23,829,737	22,039,383	31,228,642
Total primary government net position	\$ 41,278,812	\$ 52,027,005	\$ 69,904,024	\$ 81,258,294

2008/09 *	2009/10	2010/11 *	2011/12 *	2012/13	2013/14
\$ 15,619,162	\$ 16,449,454	\$ 14,525,576	\$ 11,255,991	\$ 1,503,296	\$ 2,977,346
194,949	239,423	741,252	5,620,856	1,936,545	2,212,379
12,094,285	10,794,948	11,906,201	9,834,076	8,071,115	8,064,965
<u>\$ 27,908,396</u>	<u>\$ 27,483,825</u>	<u>\$ 27,173,029</u>	<u>\$ 26,710,923</u>	<u>\$ 11,510,956</u>	<u>\$ 13,254,690</u>
\$ 38,596,536	\$ 41,464,233	\$ 48,685,820	\$ 51,779,723	\$ 60,744,774	\$ 61,798,072
1,780,856	2,128,544	2,866,119	2,147,376	4,994,135	3,872,255
15,081,493	14,587,206	9,058,342	9,505,607	15,838,640	17,383,273
<u>\$ 55,458,885</u>	<u>\$ 58,179,983</u>	<u>\$ 60,610,281</u>	<u>\$ 63,432,706</u>	<u>\$ 81,577,549</u>	<u>\$ 83,053,600</u>
\$ 54,215,698	\$ 57,913,687	\$ 63,211,396	\$ 63,035,714	\$ 62,248,070	\$ 64,775,418
1,975,805	2,367,967	3,607,371	7,768,232	6,930,680	6,084,634
27,175,778	25,382,154	20,964,543	19,339,683	23,909,755	25,448,238
<u>\$ 83,367,281</u>	<u>\$ 85,663,808</u>	<u>\$ 87,783,310</u>	<u>\$ 90,143,629</u>	<u>\$ 93,088,505</u>	<u>\$ 96,308,290</u>

* As Restated

CITY OF ST. AUGUSTINE, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

**(In Thousands)
"UNAUDITED"**

	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
EXPENSES										
Governmental Activities:										
General Government	\$ 6,211	\$ 7,016	\$ 7,666	\$ 8,379	\$ 10,030	\$ 9,478	\$ 9,516	\$ 8,713	\$ 10,348	\$ 9,150
Public Safety	6,726	7,157	7,823	7,948	8,280	8,192	8,218	8,179	8,439	8,849
Physical Environment	2,863	3,323	3,730	3,744	3,512	3,464	3,836	3,679	3,681	3,982
Transportation	1,266	1,204	1,255	1,249	1,329	1,149	214	214	202	229
Culture & Recreation	463	462	532	507	526	518	521	447	485	471
Interest and Fiscal Charges	1,412	1,080	387	397	390	370	816	1,223	1,200	1,224
Total Governmental Activities Expenses	\$ 18,941	\$ 20,242	\$ 21,393	\$ 22,224	\$ 24,067	\$ 23,171	\$ 23,121	\$ 22,455	\$ 24,355	\$ 23,904
Business-type Activities:										
Utility	\$ 10,027	\$ 10,650	\$ 10,731	\$ 9,958	\$ 10,685	\$ 10,621	\$ 10,726	\$ 11,471	\$ 12,131	\$ 12,058
Stormwater Drainage	323	570	395	390	539	467	356	555	630	741
Solid Waste	2,837	3,004	3,027	2,992	2,707	2,681	2,849	2,970	3,275	3,120
Municipal Marina	2,050	2,313	2,457	2,717	1,988	2,208	2,587	2,410	2,243	2,347
Visitor Information Center	-	-	-	-	-	3,068	3,221	3,911	3,606	3,522
Heritage Tourism	1,902	2,070	5,207	4,676	4,762	1,712	1,842	-	-	-
Total Business-type Activities Expenses	\$ 17,139	\$ 18,607	\$ 21,817	\$ 20,733	\$ 20,681	\$ 20,757	\$ 21,581	\$ 21,317	\$ 21,885	\$ 21,789
Total Primary Government Expenses	\$ 36,080	\$ 38,849	\$ 43,210	\$ 42,957	\$ 44,748	\$ 43,928	\$ 44,702	\$ 43,772	\$ 46,240	\$ 45,693
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services										
General Government	\$ 2,873	\$ 3,539	\$ 3,571	\$ 3,779	\$ 4,086	\$ 4,159	\$ 4,708	\$ 5,227	\$ 5,794	\$ 5,242
Public Safety	2,215	2,074	1,833	1,407	1,069	1,001	940	1,098	1,213	1,276
Physical Environment	594	618	581	467	352	302	319	353	380	399
Transportation	244	213	192	154	116	118	18	21	22	22
Culture/Recreation	101	92	89	68	55	47	43	43	46	77
Operating Grants and Contributions	235	81	167	383	396	265	72	27	81	76
Capital Grants and Contributions	429	54	88	171	593	763	765	1,062	164	1,803
Total Governmental Activities	\$ 6,691	\$ 6,671	\$ 6,521	\$ 6,429	\$ 6,667	\$ 6,655	\$ 6,865	\$ 7,831	\$ 7,700	\$ 8,896
Program Revenues										
Business-type activities (a):										
Charges for Services										
Utility	\$ 12,182	\$ 13,247	\$ 18,107	\$ 11,704	\$ 11,511	\$ 11,471	\$ 11,936	\$ 12,364	\$ 12,759	\$ 13,221
Stormwater Drainage	701	720	736	734	735	747	747	750	749	875
Solid Waste	2,920	3,044	3,173	3,152	3,275	3,364	3,355	3,367	3,409	3,427
Municipal Marina	2,193	2,674	2,625	2,720	2,007	2,197	2,554	2,482	2,343	2,508
Visitor Information Center	-	-	-	-	-	1,328	1,850	3,188	2,825	3,066
Heritage Tourism	2,160	2,017	2,663	2,871	3,030	1,876	1,175	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	1,166	3,455	6,705	8,187	1,448	1,047	415	2,163	4,348	1,312
Total Business-type Activities	\$ 21,322	\$ 25,157	\$ 34,009	\$ 29,368	\$ 22,006	\$ 22,030	\$ 22,032	\$ 24,314	\$ 26,433	\$ 24,409
Total Primary Government Revenues	\$ 28,013	\$ 31,828	\$ 40,530	\$ 35,797	\$ 28,673	\$ 28,685	\$ 28,897	\$ 32,145	\$ 34,133	\$ 33,305

(continued)

NOTES:

(a) Business-type expenses do not include Debt Service, Capital Outlay, or Transfers.

CITY OF ST. AUGUSTINE, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)
"UNAUDITED"**

(continued)

	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
Net (Expense)/Revenue										
Governmental Activities	\$ (12,250)	\$ (13,570)	\$ (14,872)	\$ (15,794)	\$ (17,399)	\$ (16,516)	\$ (16,254)	\$ (14,624)	\$ (16,654)	\$ (15,008)
Business-type Activities	4,183	6,549	12,191	8,635	1,325	1,273	451	2,997	4,548	2,620
Total primary government net expense	\$ (8,067)	\$ (7,021)	\$ (2,681)	\$ (7,159)	\$ (16,074)	\$ (15,243)	\$ (15,803)	\$ (11,627)	\$ (12,106)	\$ (12,388)

General Revenues and Other Changes in Net Position

Governmental Activities:

Property Taxes	\$ 6,867	8,954	11,079	11,055	\$ 11,400	10,691	\$ 9,125	8,309	8,042	8,354
Utility Taxes	726	680	787	708	696	962	1,043	1,015	1,104	1,207
Communication Service Taxes	1,117	1,135	960	894	954	1,047	1,133	1,108	1,080	818
Franchise Fees	1,196	1,257	1,583	1,231	1,465	1,415	1,534	1,448	1,368	1,450
State Revenue Sharing, Unrestri	559	562	566	558	548	547	548	549	549	554
Local Option Gas Taxes	675	649	671	612	505	535	534	517	487	502
Local Option Sales Taxes	1,187	1,054	1,115	1,043	929	878	898	880	936	1,005
Insurance Premium Taxes	421	572	555	530	396	358	360	330	295	354
Other Taxes	90	61	92	88	142	99	94	153	108	142
Miscellaneous	2,077	578	585	740	888	920	1,473	661	999	1,133
Investment Income	905	1,264	966	427	124	41	26	36	29	52
Interfund Trans of Assets (net) Transfers	-	-	168	-	-	-	-	-	-	-
	83	47	(1,077)	(1,100)	(1,351)	(1,402)	(1,936)	(467)	(13,545)	1,181
Total Governmental Activities	\$ 15,903	\$ 16,813	\$ 18,050	\$ 16,786	\$ 16,696	\$ 16,091	\$ 14,832	\$ 14,539	\$ 1,452	\$ 16,752

Business-type activities (a):

Unrestricted Invest Earnings	\$ 517	\$ 1,003	\$ 1,599	\$ 628	\$ 136	\$ 45	\$ 43	\$ 82	\$ 52	\$ 36
Interfund Trans of Assets (net) Transfers	-	-	(168)	-	-	-	-	-	-	-
	(83)	(47)	909	1,100	1,351	1,402	1,936	467	13,545	(1,180.73)
Total Business-type Activities	\$ 434	\$ 956	\$ 2,340	\$ 1,728	\$ 1,487	\$ 1,447	\$ 1,979	\$ 549	\$ 13,597	\$ (1,145)

Total Primary Government

	\$ 16,337	\$ 17,769	\$ 20,390	\$ 18,514	\$ 18,183	\$ 17,538	\$ 16,811	\$ 15,088	\$ 15,049	\$ 15,607
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Change in Net Position

Governmental Activities	\$ 3,653	\$ 3,243	\$ 3,178	\$ 992	\$ (703)	\$ (425)	\$ (1,422)	\$ (85)	\$ (15,202)	\$ 1,744
Business-type Activities	4,617	7,505	14,531	10,363	2,812	2,720	2,430	3,546	18,145	1,475
Total Primary Government	\$ 8,270	\$ 10,748	\$ 17,709	\$ 11,355	\$ 2,109	\$ 2,295	\$ 1,008	\$ 3,461	\$ 2,943	\$ 3,219

NOTES:

(a) Business-type expenses do not include Debt Service, Capital Outlay, or Transfers.

CITY OF ST. AUGUSTINE, FLORIDA

**FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

September 30, 2014

"UNAUDITED"

	2005	2006	2007	2008	2009
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,848,645	884,631	796,284	1,208,861	1,060,567
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	7,835,329	11,513,122	11,902,148	12,970,610	11,399,627
Total General Fund	9,683,974	12,397,753	12,698,432	14,179,471	12,460,194
All Other Governmental Funds					
Nonspendable	-	-	-	-	-
Restricted	3,058,435	2,010,274	1,713,559	608,899	905,501
Committed	-	-	-	-	-
Unassigned reported in:					
Capital Projects Fund	15,245,090	2,350,969	282,163	117,620	9,022
Debt Service	-	-	-	-	-
Total All Other Governmental Funds	18,303,525	4,361,243	1,995,722	726,519	914,523
Total Governmental Funds	\$ 27,987,499	\$ 16,758,996	\$ 14,694,154	\$ 14,905,990	\$ 13,374,717

2010	2011	2012	2013	2014
\$ 772,028	\$ 1,679,414	\$ 610,785	\$ 671,931	\$ 634,204
130,821	472,396	15,541,007	65,389	70,933
-	-	1,881,954	1,206,207	7,871,887
-	-	425,560	219,170	555,497
10,704,273	23,770,779	7,193,586	8,071,115	798,893
<hr/> 11,607,122	<hr/> 25,922,589	<hr/> 25,652,892	<hr/> 10,233,812	<hr/> 9,931,414
-	-	63,743	63,829	312,977
620,744	733,684	-	1,135,396	1,194,265
-	-	-	1,101,692	363,094
54,928	54,155	-	-	-
-	-	-	-	(430)
<hr/> 675,672	<hr/> 787,839	<hr/> 63,743	<hr/> 2,300,917	<hr/> 1,869,906
<hr/> <hr/> \$ 12,282,794	<hr/> <hr/> \$ 26,710,428	<hr/> <hr/> \$ 25,716,635	<hr/> <hr/> \$ 12,534,729	<hr/> <hr/> \$ 11,801,320

CITY OF ST. AUGUSTINE, FLORIDA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
"UNAUDITED"**

	2004/05	2005/06	2006/07	2007/08
REVENUES				
Ad Valorem Taxes	\$ 6,689,649	\$ 8,534,508	\$ 10,581,764	\$ 10,589,451
Sales and Use Taxes	1,096,132	1,221,253	1,226,062	1,141,444
Utility Excise Taxes	1,842,707	1,815,289	1,747,093	1,601,724
Licenses, Permits & Fees	1,433,542	1,886,205	1,790,500	1,983,703
Intergovernmental	2,063,359	2,134,319	2,310,841	2,195,144
Fines & Forfeitures	415,994	408,105	376,423	371,934
Interest Earnings	905,298	1,263,737	965,558	427,186
Administrative Service Charges	3,546,557	3,611,332	3,368,212	2,675,852
Sale of Surplus Assets	3,586,529	166,909	-	-
Other	2,922,765	2,395,265	3,113,832	3,328,623
Total Revenues	24,502,532	23,436,922	25,480,285	24,315,061
EXPENDITURES				
Current:				
General Government	5,654,721	6,564,789	7,395,472	7,769,930
Public Safety	6,312,235	6,900,438	7,705,333	7,823,977
Physical Environment	2,715,641	3,097,289	3,466,862	3,489,882
Transportation	1,115,556	1,069,139	1,144,871	1,152,404
Culture & Recreation	460,018	459,648	532,658	505,720
Capital Outlay	9,335,467	14,809,417	5,496,747	1,560,586
Debt Service:				
Principal Retirement	277,230	285,605	287,627	303,812
Interest and Fiscal Charges	1,569,121	1,526,314	438,764	396,710
Issuance Cost	356,512	-	-	-
Total Expenditures	27,796,501	34,712,639	26,468,334	23,003,021
Excess (deficiency) of revenues over (under) expenditures	(3,293,969)	(11,275,717)	(988,049)	1,312,040
Other Financing Sources (Uses)				
Borrowing from Capitalized Lease				
Transfers In	6,103,130	6,307,014	5,191,500	2,701,482
Transfers (Out)	(6,020,414)	(6,259,800)	(6,268,293)	(3,801,686)
Long-term Debt Issued	20,999,525	-	-	-
Retirement to Escrow Agent	(578,198)	-	-	-
Bonds Refunded	-	-	-	-
Discount on Long-Term Debt Issued	-	-	-	-
Premium on Long-Term Debt Issued	302,643	-	-	-
Total Other Financing Sources (Uses)	20,806,686	47,214	(1,076,793)	(1,100,204)
Net Change in Fund Balances	\$ 17,512,717	\$(11,228,503)	\$ (2,064,842)	\$ 211,836
Debt Service as a percentage of noncapital expenditures	10.00%	9.10%	3.46%	3.27%

2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
\$ 10,966,589	\$ 10,361,986	\$ 8,880,436	\$ 8,088,994	\$ 7,858,737	\$ 8,353,876
900,942	892,825	894,378	846,498	781,883	856,593
1,649,673	2,008,624	2,176,019	2,123,115	2,186,496	2,025,371
2,199,545	2,567,238	2,746,002	3,218,885	3,780,188	3,311,962
2,091,824	1,892,676	1,823,510	1,824,800	1,814,169	1,730,263
294,423	280,874	293,660	256,665	299,368	282,512
124,421	41,447	26,486	35,596	29,342	51,680
2,306,131	1,983,565	1,798,737	1,979,089	2,131,456	2,134,031
-	-	-	-	-	-
4,181,187	4,119,474	4,995,917	4,464,133	3,818,462	5,720,966
24,714,735	24,148,709	23,635,145	22,837,775	22,700,101	24,467,254
8,882,214	8,020,835	6,707,477	6,976,904	8,573,559	8,064,638
8,157,878	8,143,485	8,199,851	8,160,380	8,235,598	8,858,310
3,354,800	3,346,170	3,833,649	3,677,011	3,635,979	3,883,309
1,102,977	1,112,354	213,003	213,598	188,283	223,122
525,588	517,985	520,305	446,285	477,295	471,297
2,167,291	2,000,736	2,168,860	2,283,141	1,131,616	3,475,857
313,781	326,938	341,823	335,177	392,983	396,186
390,469	369,659	815,610	1,222,551	1,200,327	1,223,670
-	-	-	158,142	-	-
24,894,998	23,838,162	22,800,578	23,473,189	23,835,640	26,596,389
(180,263)	310,547	834,567	(635,414)	(1,135,539)	(2,129,135)
4,640,885	3,276,693	3,620,608	4,995,305	7,071,268	215,000
(5,991,895)	(4,679,164)	(5,556,714)	(5,462,473)	(20,616,655)	5,387,354
-	-	16,215,000	6,971,120	1,576,691	(4,206,628)
-	-	-	(6,720,721)	-	-
-	-	-	-	(197,083)	-
-	-	(685,827)	(74,404)	-	-
-	-	-	(67,206)	119,412	-
(1,351,010)	(1,402,471)	13,593,067	(358,379)	(12,046,367)	1,395,726
\$ (1,531,273)	\$ (1,091,924)	\$ 14,427,634	\$ (993,793)	\$ (13,181,906)	\$ (733,409)
3.10%	3.19%	5.61%	8.10%	7.02%	7.01%

CITY OF ST. AUGUSTINE, FLORIDA

**TOTAL ASSESSED VALUATIONS AND TOTAL EXEMPTIONS
LAST TEN FISCAL YEARS**

September 30, 2014
"UNAUDITED"

	2005	2006	2007	2008	2009
Real Property	\$ 1,822,534,169	\$ 2,053,904,777	\$ 2,189,788,053	\$ 2,050,830,669	\$ 1,671,365,155
Personal Property	73,456,340	84,651,102	91,299,224	89,781,653	88,602,566
Railroad & Telegraph	2,631,148	2,724,527	2,352,819	3,232,997	2,478,097
Total Assessed Valuations	1,898,621,657	2,141,280,406	2,283,440,096	2,143,845,319	1,762,445,818
Homestead Exempt Property (a)	70,662,166	74,445,529	83,998,000	156,415,412	154,994,874
Other Exemptions	498,558,761	419,996,442	442,762,407	349,967,839	225,336,597
Total Exempt Property	569,220,927	494,441,971	526,760,407	506,383,251	380,331,471
Total Taxable Value	\$ 1,329,400,730	\$ 1,646,838,435	\$ 1,756,679,689	\$ 1,637,462,068	\$ 1,382,114,347
Direct Rate	6.600	6.600	6.600	6.313	6.823

NOTES:

(a) Real property is assessed at 100 percent of fair market value. Tangible Personal Property: Equipment is assessed at current depreciated value. Centrally Assessed Property: (1) State of Florida makes annual assessments of all operating property of railroad and railroad terminal companies in the State. Such assessment is apportioned to each county, based upon actual situs, and, in the case of property not having situs in a particular county, is apportioned based upon track miles. (2) All private car and freight line and equipment companies operating rolling stock in Florida other than in (1) above shall return for taxation the average number of their cars which are habitually present within Florida and shall state the fair market value thereof. Property is assessed as of January 1st. Tax bills are mailed November 1st. Four percent discount, if paid in November, three percent if paid in December, two percent if paid in January, one percent discount if paid in February, full amount due in March, delinquent April 1st.

Source: St. Johns County Property Appraiser, St. Johns County Tax Collector, Department of Revenue, State of Florida

(b) Figures are from the PRELIMINARY tax rolls. These could change once the final tax rolls are received.

Source: St. Johns County Property Appraiser, St. Johns County Tax Collector, Department of Revenue, State of Florida

2010	2011	2012	2013	2014 (b)
\$ 1,670,891,378	\$ 1,567,068,493	\$ 1,506,640,382	\$ 1,550,025,682	\$ 1,600,362,571
108,370,268	103,283,994	98,758,852	99,441,437	102,136,417
2,230,412	2,304,747	2,148,694	2,558,367	2,928,245
1,781,492,058	1,672,657,234	1,607,547,928	1,652,025,486	1,705,427,233
141,949,847	139,393,599	139,761,480	141,569,199	145,711,764
426,874,275	416,816,893	394,769,492	394,162,661	389,557,411
568,824,122	556,210,492	534,530,972	535,731,860	535,269,175
<u>\$ 1,212,667,936</u>	<u>\$ 1,116,446,742</u>	<u>\$ 1,073,016,956</u>	<u>\$ 1,116,293,626</u>	<u>\$ 1,170,158,058</u>
7.500	7.500	7.500	7.500	7.500

CITY OF ST. AUGUSTINE, FLORIDA

**PROPERTY TAX RATES AND TAX LEVIES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

September 30, 2014

"UNAUDITED"

Fiscal Year Ended	Direct	Overlapping				Total
	City of St. Augustine	St. Johns County	School District	St. Johns River Water Management District	Other	
2005	6.600	5.850	8.226	0.462	0.457	21.595
2006	6.600	5.848	7.849	0.462	0.441	21.200
2007	6.313	5.004	7.721	0.416	0.395	19.848
2008	6.823	5.037	7.642	0.416	0.382	20.300
2009	7.500	5.547	7.801	0.416	0.381	21.645
2010	7.500	5.547	8.069	0.416	0.228	21.760
2011	7.500	5.937	7.979	0.331	0.228	21.976
2012	7.500	5.937	7.683	0.331	0.231	21.682
2013	7.500	5.937	7.544	0.328	0.231	21.540
2014	7.500	5.937	7.342	0.316	0.343	21.439

NOTES:

Millage rates are per \$1,000 of assessed valuation.

Source: St. Johns County Tax Collector

CITY OF ST. AUGUSTINE, FLORIDA

PRINCIPAL TAXPAYERS

September 30, 2014

"UNAUDITED"

Taxpayer	2013/2014			2004/2005		
	Taxable Assessed Value	Rank	Percent of Total Assessment	Taxable Assessed Value	Rank	Percent of Total Assessment
Patris Real Estate LLC	\$ 13,401,403	1	1.25%			
The Flagler Resort, LTD	12,468,411	2	1.17%	\$ 16,242,500	1	0.97%
SHP IV Harbour Island LLC	7,125,028	3	0.67%			
Target Corporation	6,538,100	4	0.61%	9,239,240	3	0.55%
Sea Wall Motor Lodge, INC	5,037,960	5	0.47%			
Patel, Kantibhai M.	4,461,008	6	0.42%	7,521,080	5	0.45%
Home Depot USA, Inc.	4,152,400	7	0.39%	8,358,320	4	0.50%
Orthopedic Associates Partners	3,916,123	8	0.37%	3,991,160	9	0.24%
Virtu Cathedral Associates	2,915,657	9	0.27%	4,177,860	8	0.25%
W.J. Development Corp.	2,833,391	10	0.26%			
Ponce Family LTD Partnership				3,948,490	10	0.24%
Ponce Associates, LLC				11,388,880	2	0.68%
The Allegro Senior Housing, LLC				6,604,410	6	0.39%
Northridge Lakes, LLC				4,685,700	7	0.28%
Other Taxpayers	<u>1,006,651,776</u>		<u>94.12%</u>	<u>1,602,264,301</u>		<u>95.46%</u>
	<u>\$ 1,069,501,257</u>		<u>100.00%</u>	<u>\$ 1,678,421,941</u>		<u>100.00%</u>

Source: St. Johns County Property Appraiser's Office

CITY OF ST. AUGUSTINE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
September 30, 2014
"UNAUDITED"

Fiscal Year Ended	Total Tax Levy	Current Tax Collection	Percent (a) of Levy Collected	Assessed Taxable Value	Estimated Actual Value (Thousands)	Estimated % of Fair Market Value
2005	6,866,997	6,654,994	96.91%	1,898,621,657	1,898,622	100%
2006	8,774,045	8,517,325	97.07%	2,141,280,406	2,141,280	100%
2007	10,805,480	10,548,105	97.62%	2,283,440,096	2,283,440	100%
2008	10,396,491	10,487,209	100.87%	2,143,845,319	2,143,845	100%
2009	11,172,404	10,743,591	96.16%	1,762,445,818	1,762,446	100%
2010	10,352,987	9,939,071	96.00%	1,781,492,058	1,781,492	100%
2011	9,099,510	8,797,391	96.68%	1,672,657,234	1,672,657	100%
2012	8,341,338	8,088,994	96.97%	1,607,547,928	1,607,548	100%
2013	8,023,465	7,858,707	97.95%	1,652,025,486	1,652,025	100%
2014	8,366,909	8,136,439	97.25%	1,705,427,233	1,705,427	100%
2015	8,775,490	6,902,359	78.65%	<i>not available</i>		

NOTES:

- (a) Florida Statutes provide for a discount of up to four percent for early payment of Ad Valorem Taxes.

CITY OF ST. AUGUSTINE, FLORIDA

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS

September 30, 2014

"UNAUDITED"

Fiscal Year	Population (a)	Assessed Value (In Thousands) (b)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2005	13,505	1,898,622	-	-	-	-	-
2006	13,702	2,141,280	-	-	-	-	-
2007	13,912	2,283,440	-	-	-	-	-
2008	13,874	2,143,845	-	-	-	-	-
2009	13,663	1,762,446	-	-	-	-	-
2010	13,719	1,781,492	-	-	-	-	-
2011	13,056	1,672,657	-	-	-	-	-
2012	13,092	1,607,548	-	-	-	-	-
2013	13,271	1,652,025	-	-	-	-	-
2014	13,414	1,705,427	-	-	-	-	-

NOTES:

(a) City of St. Augustine, Planning & Building Department

(b) Previous year's preliminary tax role is adjusted to final role in current year.

CITY OF ST. AUGUSTINE, FLORIDA

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

September 30, 2014

"UNAUDITED"

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2005	277,230	1,569,121	1,846,351	16,597,885	11.12
2006	285,605	1,526,056	1,811,661	18,846,625	9.61
2007	297,167	438,764	735,931	21,058,008	3.49
2008	303,813	389,015	692,828	20,932,846	3.31
2009	313,781	390,469	704,250	21,349,627	3.30
2010	326,938	369,659	696,597	21,979,202	3.17
2011	341,823	815,610	1,157,433	20,856,626	5.55
2012	335,177	1,222,551	1,557,728	20,778,307	7.50
2013	392,983	1,200,327	1,593,310	20,827,487	7.65
2014	396,186	1,223,670	1,619,856	21,858,437	7.41

CITY OF ST. AUGUSTINE, FLORIDA
UTILITY REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS
September 30, 2014
"UNAUDITED"

Fiscal Year Ended	Gross Revenue (a)	Operating Expenses (b)	Net Revenue (c)	Debt Service Requirements	Debt Service Coverage
2005	12,778,639	6,565,120	6,213,519	1,609,044 (d) (e)	3.86
2006	14,286,905	7,467,811	6,819,094	3,188,793 (d)	2.14
2007	19,692,492	7,804,057	11,888,435	3,209,541 (d)	3.70
2008	12,505,287	7,233,245	5,272,042	3,234,726 (d)	1.63
2009	12,138,979	7,307,097	4,831,882	3,254,261 (d)	1.48
2010	11,876,944	6,979,489	4,897,455	3,288,337 (d)	1.49
2011	12,301,380	6,847,896	5,453,484	3,318,894 (d)	1.64
2012	12,293,699	7,586,408	4,707,291	3,344,052 (d)	1.41
2013	20,661,902	8,223,690	4,417,087	2,843,032 (d)	1.55
2014	12,864,764	8,264,157	4,600,607	2,833,938 (d)	1.62

NOTES:

- (a) **Gross Revenue = Operating Revenue + Net Transfers In (Out) + Interest Revenue + Miscellaneous Revenue**
- (b) **Operating Expenses = Total Operating Expenses - Depreciation and Amortization**
- (c) **Net Revenue = Gross Revenue - Operating Expenses - Extraordinary Revenues + Extraordinary Expenses**
- (d) **Includes interest on zero-coupon bonds**
- (e) **Series 2005 Water and Sewer Bond issue refunded four previous outstanding bond issues lowering current year's annual required debt service payment.**

CITY OF ST. AUGUSTINE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
September 30, 2014
"UNAUDITED"

Fiscal Year	General Obligation Bonds Governmental Activities	Percentage of Taxable Value of Property (a)	Per Capita (b)	Percentage of Personal Income [c]
2005	31,698,062	2.38%	2,347	0.28%
2006	31,412,457	1.91%	2,293	0.28%
2007	8,276,487	0.47%	595	0.07%
2008	7,972,675	0.49%	575	0.07%
2009	7,658,893	0.55%	561	0.07%
2010	7,331,955	0.60%	534	0.06%
2011	23,205,133	2.08%	1,777	0.20%
2012	23,120,355	2.15%	1,766	0.20%
2013	24,106,979	2.16%	1,817	0.21%
2014	23,710,792	2.03%	1,768	0.21%

Fiscal Year	General Obligation Bonds Business-Type Activities	Percentage of Taxable Value of Property (a)	Per Capita (b)	Percentage of Personal Income [c]
2005	2,781,938	0.21%	206	0.02%
2006	2,567,543	0.16%	187	0.02%
2007	25,183,514	1.43%	1,810	0.22%
2008	24,957,327	1.52%	1,799	0.22%
2009	24,726,106	1.79%	1,810	0.22%
2010	24,323,044	2.01%	1,773	0.21%
2011	23,909,867	2.14%	1,831	0.21%
2012	23,614,644	2.20%	1,804	0.21%
2013	23,663,021	2.12%	1,783	0.21%
2014	23,114,207	1.98%	1,723	0.20%

Fiscal Year	Water Revenue Bonds	Total Primary Government (d)	Per Capita (b)	Percentage of Personal Income [c]
2005	31,253,747	65,733,747	4,867	0.28%
2006	29,830,773	63,810,773	4,657	0.26%
2007	28,375,694	61,835,695	4,445	0.25%
2008	26,884,601	59,814,603	4,311	0.24%
2009	25,363,644	57,748,643	4,227	0.22%
2010	23,799,012	55,454,011	4,042	0.21%
2011	22,191,968	69,306,968	5,308	0.20%
2012	20,508,832	67,243,831	5,136	0.18%
2013	21,800,000	69,570,000	5,242	0.19%
2014	19,815,000	66,639,999	4,968	0.17%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See page 142-143 for taxable property value data.

(b) See page 147 for population data.

[c] See page 155 for total personal income data.

(d) Includes governmental activities debt and business-type activities debt.

CITY OF ST. AUGUSTINE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
September 30, 2014
"UNAUDITED"

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
St. Johns County Capital Improvement Revenue Bonds, Series 2012	10,445,000	6.30%	657,788
St. Johns County Revenue Sharing Revenue & Refunding Revenue Bonds, Series 2005	16,215,000	6.30%	1,021,162
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2012	40,615,000	6.30%	2,557,786
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2009A	6,995,000	6.30%	440,520
St. Johns County Sales Tax Revenue Bonds, Series 2009	18,930,000	6.30%	1,192,143
St. Johns County Sales Tax Revenue Refunding Bonds, Series 2006	40,840,000	6.30%	2,571,955
St. Johns County Transportation Improvement Revenue Bonds, Series 2012	24,940,000	6.30%	1,570,631
St. Johns County Transportation Improvement Revenue Bonds, Series 2006	25,915,000	6.30%	1,632,033
St. Johns County Taxable Capital Improvement Revenue Bonds, Series 2014	4,360,000	6.30%	274,577
St. Johns County Community Redevelopment Agency Refunding Note, Series 2012	3,332,000	6.30%	209,837
St. Johns County Obligations Under State Revolving Loan, Series 2005	3,368,663	6.30%	212,146
St. Johns County \$30M Commercial Paper Program	1,194,000	6.30%	75,194
Other Debt			-
St. Johns Count School Board Certificate of Participation	135,260,000	6.30%	8,518,185
St. Johns Count School Board General Obligation Bonds, Series, 200sA through 2014A	6,461,000	6.30%	406,890
Subtotal Overlapping Debt			<u>\$ 21,340,848</u>
City Direct Debt			
Capital Improvement and Refunding Bonds, Series 2004	15,502	100%	15,502
Capital Improvement and Refunding Bonds, Series 2011	16,215,000	100%	16,215,000
Capital Improvement and Refunding Bonds, Series 2011B	5,907,115	100%	5,907,115
Capital Improvement and Refunding Bonds, Series 2013	1,573,175	100%	1,573,175
Subtotal Direct Debt			<u>\$ 23,710,792</u>
Total Direct and Overlapping Debt			<u>\$ 45,051,640</u>

Sources: Assessed value data used to estimate applicable percentages provided by St. Johns County Property Appraiser. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of St. Augustine. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This same formula is used for other overlapping debt.

CITY OF ST. AUGUSTINE, FLORIDA

DIRECT AND OVERLAPPING RATIOS

September 30, 2014

"UNAUDITED"

Direct and Overlapping General Obligation Debt	\$ 45,051,640
Per Capita	\$ 3,359
As a Percentage of Taxable Assessed Valuation	2.64%
As a Percentage of Total Just Valuation	3.85%

CITY OF ST. AUGUSTINE, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN

September 30, 2014

"UNAUDITED"

**The Constitution of the State of Florida, Florida Statutes 200.131, and
the City of St. Augustine Charter set no legal debt margin.**

CITY OF ST. AUGUSTINE, FLORIDA

**SUMMARY OF PLEDGED FUNDS
Public Service Tax/Guaranteed Entitlement Bonds
September 30, 2014
"UNAUDITED"**

Revenue Source	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14
Public Service Tax					
Electric	\$ 894,452	\$ 980,395	\$ 939,844	\$ 1,029,195	\$ 1,125,221
Communication	1,046,752	1,133,430	1,108,214	1,079,773	818,429
Gas	67,420	62,194	75,057	77,528	81,721
Fuel Oil	-	-	-	-	-
Total	\$ 2,008,624	\$ 2,176,019	\$ 2,123,115	\$ 2,186,496	\$ 2,025,371
Florida Revenue Sharing					
Revenue Sharing	\$ 547,520	\$ 547,815	\$ 549,061	\$ 549,036	\$ 554,391
Guaranteed Entitlements					
Local Option Gas Tax	\$ 535,223	\$ 534,021	\$ 516,976	\$ 486,932	\$ 502,418
Total	\$ 535,223	\$ 534,021	\$ 516,976	\$ 486,932	\$ 502,418
Total Pledged Funds	\$ 3,091,367	\$ 3,257,855	\$ 3,189,152	\$ 3,222,464	\$ 3,082,180

CITY OF ST. AUGUSTINE, FLORIDA

DEMOGRAPHIC STATISTICS

September 30, 2014

"UNAUDITED"

Year	Population		Per Capita Personal Income	Total Personal Income (in thousands)	Unemploy- ment Rate
	City of St. Augustine	St. Johns County			
2005	13,505	149,006 (est.)	\$ 44,451	\$ 6,466,633	2.9%
2006	13,702	155,014 (est.)	\$ 48,392	\$ 7,262,095	2.7%
2007	13,912	167,453 (est.)	\$ 50,179	\$ 8,276,144	2.7%
2008	13,874	176,570 (est.)	\$ 49,327	\$ 8,869,772	5.5%
2009	13,663	183,244 (est.)	\$ 48,283	\$ 8,999,561	8.2%
2010	13,719	189,764 (est.)	\$ 49,327	\$ 9,377,675	9.6%
2011	13,056	192,570 (est.)	\$ 47,544	\$ 10,009,692	8.4%
2012	13,092	195,847 (est.)	\$ 52,205	\$ 10,957,330	6.9%
2013	13,271	201,325 (est.)	\$ 54,082	\$ 11,338,025	5.2%
2014	13,414	207,443 (est.)	Not Available	Not Available	4.9%

Year	Population Projection	
	City of St. Augustine	St. Johns County
2015	14,085	214,307
2020	14,500	250,294
Avg Household Size:	2.02	2.49

**Source: City of St. Augustine, Planning & Building Department,
St. Johns County Chamber of Commerce
Office of Economic and Demographic Research**

CITY OF ST. AUGUSTINE, FLORIDA

MAJOR EMPLOYERS IN THE ST. AUGUSTINE AREA

September 30, 2014

"UNAUDITED"

Establishment	Product	2013/2014		2004/2005	
		Approximate Employees	% of Total County Employment	Approximate Employees	% of Total County Employment
St. Johns County School Board	Educational	4,046	3.18%	2,771	2.85%
Flagler Hospital	Health Care	1,887	1.48%	1,400	1.44%
St. Johns County	County Government	1,333	1.05%	1,274	1.31%
Northrop Grumman	Aircraft Overhaul & Modification	1,100	0.87%	1,200	1.23%
Community Hospice of NE Florida	Health Care	959	0.75%		0.00%
US Army National Guard	Florida National Guard HQ	936	0.74%	400	0.41%
Florida School for the Deaf and Blind	Educational Institution	684	0.54%	738	0.76%
Flagler College	Four-Year Liberal Arts College	546	0.43%	346	0.36%
St. Johns County Sherrif's Office	County Government	580	0.46%	515	0.53%
Carlisle Interconnect Technologies (Te Manufacturer		530	0.42%	308	0.32%
Ring Power	Heavy Equipment Sales	500	0.39%	500	0.51%
		13,101	10%	9,452	10%

CITY OF ST. AUGUSTINE, FLORIDA

SUMMARY OF TEN LARGEST WATER CUSTOMERS

September 30, 2014

"UNAUDITED"

Customer	Usage for Fiscal Year Ended September 30, 2014 (in gallons)
Flagler Hospital	34,343,900
City of St. Augustine	33,422,300
St. Johns County	27,527,600
Flagler College	19,596,300
Florida School for the Deaf & Blind	16,962,000
St. Johns County School Board	11,777,100
Flagler Resort LTD	6,731,000
St. Johns Welfare Federation	8,373,500
Madeira Community Development Distric	5,830,500
Grumman of St. Augustine	4,969,400

Source: City of St. Augustine Customer Service Department

CITY OF ST. AUGUSTINE, FLORIDA

**HISTORICAL UTILITY CUSTOMERS AND SALES OF THE SYSTEM
LAST TEN FISCAL YEARS**

September 30, 2014
"UNAUDITED"

Fiscal Year Ended	Water Customers			Sewer Customers		
	Inside City	Outside City	Total	Inside City	Outside City	Total
2005	6,528	3,169	9,697	6,151	1,336	7,487
2006	6,642	3,594	10,236	6,283	1,586	7,869
2007	6,741	3,858	10,599	6,651	1,859	8,510
2008	7,000	4,058	11,058	6,674	1,998	8,672
2009	7,047	4,183	11,230	6,697	2,134	8,831
2010	6,988	4,419	11,407	6,704	2,210	8,914
2011	6,793	4,440	11,233	6,374	2,332	8,706
2012	6,901	4,527	11,428	6,476	2,409	8,885
2013	6,826	4,532	11,358	6,727	2,408	9,135
2014	6,842	4,585	11,427	6,717	2,485	9,202

Source: City of St. Augustine Customer Service Department

Water Sales (Thousands of Gallons)		
Inside City	Outside City	Total
577,828	263,281	841,109
529,264	273,470	802,734
572,648	385,139	957,787
596,147	386,930	983,077
513,033	378,125	891,158
521,691	344,701	866,392
540,729	374,552	915,281
542,757	398,102	940,859
535,938	366,881	902,819
595,408	391,182	986,590

CITY OF ST. AUGUSTINE, FLORIDA
WATER AND WASTEWATER TREATMENT PLANTS
SUMMARY OF HISTORICAL DAILY FLOWS
September 30, 2014
"UNAUDITED"

Fiscal Year Ended	Water Treatment Plant (a)		Wastewater Treatment Plant	
	Annual Average Daily Flow (Millions of Gallons Per Day)	Maximum Monthly Average Daily Flow (Millions of Gallons Per Day)	Annual Average Daily Flow (Millions of Gallons Per Day)	Maximum Monthly Average Daily Flow (Millions of Gallons Per Day)
2005	2.529	3.333	3.788	5.237
2006	3.000	3.400	3.026	4.100
2007	3.560	4.085	3.624	6.016
2008	3.651	4.601	2.995	10.885
2009	3.388	4.119	3.697	9.639
2010	3.356	3.769	3.033	9.030
2011	3.244	3.692	2.674	3.581
2012	3.058	3.601	3.587	5.772
2013	2.974	3.389	3.913	5.724
2014	2.959	3.178	3.678	4.614

Source: City of St. Augustine Engineering Department

CITY OF ST. AUGUSTINE, FLORIDA

**WATER AND SEWER UTILITIES
HISTORICAL RATE STRUCTURES**

September 30, 2014

"UNAUDITED"

Effective October 1,	Service Area	Minimum Charge Flow Rate Gal./Month	Water		Sewer	
			Minimum Charge	Additional Charge Per 1,000 Gal.	Minimum Charge	Additional Charge Per 1,000 Gal.
2005	Inside City	3,000	13.93	3.83	19.24	4.85
	Outside City	3,000	17.41	4.79	24.05	6.06
2006	Inside City	3,000	14.17	3.90	19.58	4.93
	Outside City	3,000	17.71	4.87	24.47	6.17
2007	Inside City	3,000	14.45	3.98	19.97	5.03
	Outside City	3,000	18.06	4.98	24.96	6.29
2008	Inside City	3,000	14.83	4.08	20.49	5.16
	Outside City	3,000	18.53	5.11	25.61	6.45
2009	Inside City	3,000	15.42	4.24	21.32	5.37
	Outside City	3,000	19.26	5.31	26.64	6.71
2010	Inside City	3,000	16.19	4.47	22.35	5.66
	Outside City	3,000	20.20	5.59	27.92	7.07
2011	Inside City	3,000	16.46	4.56	22.69	5.77
	Outside City	3,000	20.54	5.70	28.34	7.21
2012	Inside City	3,000	16.83	4.68	22.99	5.87
	Outside City	3,000	20.99	5.85	28.70	7.33
2013	Inside City	3,000	17.12	4.76	23.40	5.98
	Outside City	3,000	21.37	5.95	29.22	7.46
2014	Inside City	3,000	17.30	4.82	23.40	6.06
	Outside City	3,000	21.61	6.03	29.22	7.56

CITY OF ST. AUGUSTINE, FLORIDA

BUILDING PERMIT ACTIVITY

LAST TEN FISCAL YEARS

(Value in Thousands)

September 30, 2014

"UNAUDITED"

Fiscal Year	Single Family Units	Multi-Family Units	New Residential Valuation	New Non-Residential Valuations	Residential & Non-Residential Additions/Alterations	Public Valuation	Total Valuation
2005	173	-	38,193	5,821	3,670	509	48,193
2006	30	44	7,220	17,340	NA	3,082	27,642
2007	66	8.00	12,263	13,953	4,854	498	31,568
2008	176	19	8,267	11,536	741	844	21,388
2009	7	1	4,179	4,224	6,812	2,851	18,066
2010	13	0	2,417	3,547	526	921	7,411
2011	41	0	49,910	0	834	-	50,744
2012	38	-	7,986	3,561	0	-	11,547
2013	49	-	10,964	14,490	1	12,644	38,100
2014	67	-	12,135	9,069	65	8,153	29,422

Source: City of St. Augustine Planning & Building Department

CITY OF ST. AUGUSTINE, FLORIDA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

(In Thousands of Dollars)

LAST TEN FISCAL YEARS

September 30, 2014

"UNAUDITED"

Fiscal Year	Commercial Construction (a)		Residential Construction (a)		Bank Deposits (b)
	Number of Units	Value	Number of Units	Value	
2005	29	21,600	77	14,400	1,941,518
2006	24	34,622	74	7,220	2,457,165
2007	262	15,184	571	16,414	2,315,423
2008	349	12,469	505	8,919	1,898,151
2009	309	10,023	559	8,043	2,786,112
2010	8	3,547	13	2,417	2,850,983
2011	0	-	41	49,910	2,868,734
2012	30	3,561	38	3,986	2,833,072
2013	31	14,490	49	10,964	2,940,180
2014	33	15,779	104	13,578	3,100,391

NOTES:

(a) Planning and Building Division

(b) Deposits for St. Johns County (\$000)

Source: www.FDIC.gov

CITY OF ST. AUGUSTINE, FLORIDA

MISCELLANEOUS STATISTICAL DATA

September 30, 2014

"UNAUDITED"

Date of Incorporation	May 30, 1925
Form of Government	Commission - Manager
Area:	
Square Miles	13.89 Miles
Paved Streets	66.61
Unpaved Streets	10.5
Altitude	13 Feet Above Sea Level
Education:	
Elementary	3
Secondary	1
Post-Secondary	2
Fire Protection:	
Number of Fire Stations	2
Number of Firefighters	32
Police Protection:	
Number of Police Stations	1
Number of Police Officers	50
Utility Customers:	
Water	11,427
Sewer	9,202
Solid Waste	7,286
Tourism Facts (St. Johns County):	
Visitors (Per Year)	6,000,000+
Airports	1
Attractions/Points of Interest	50 +
Camp Sites	1,241
Condominium Units (Rentals)	4,000
Hotel/Motel Units	5,600
Marinas	7
Parks and Playgrounds	29
Public Golf Courses	5
Public Tennis Courts	28
Restaurants	200 +
Sightseeing Services	6
State Parks	5

(continued)

CITY OF ST. AUGUSTINE, FLORIDA

MISCELLANEOUS STATISTICAL DATA

September 30, 2014

"UNAUDITED"

(continued)

Climate:

Average Temperature and Precipitation in St. Johns County			
Quarter	Average Daily ax. Temperatu	Average Daily Min. Temperature	Total Rainfall
January - March	71.4	50.3	6.76
April - June	82.6	64.0	14.58
July - September	88.3	73.7	16.34
October - December	75.9	60.4	8.11

**source: St. Johns County Chamber of Commerce,
Southeast Regional Climate Center**

CITY OF ST. AUGUSTINE, FLORIDA

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST FIVE FISCAL YEARS**

September 30, 2014

"UNAUDITED"

FUNCTION	Full-time Equivalent Employees as of September 30,				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities:					
General Government	85	75	77.5	55.5	54.5
Public Safety	101.5	100.5	99.5	99.5	99.5
Physical Environment	29	31	29	47	46.5
Transportation	13	0	0	0	0
Culture/Recreation	3	2	4	6	5
Business-Type Activities					
Utilities	56.5	58.5	58.5	59.5	57.5
Stormwater	3	1	1	1	3
Solid Waste	12	19	18	15	17
Municipal Marina	11	13	12	12	13.5
Visitor Information Center	16	17.5	18.5	15.5	15.5
Heritage Tourism	20.5	20.5	0	0	0

Source: City of St. Augustine Human Resources Department

CITY OF ST. AUGUSTINE, FLORIDA

**Operating Indicators by Function
LAST FIVE FISCAL YEARS
September 30, 2014
"UNAUDITED"**

FUNCTION	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police					
Physical Arrests	1,622	1,564	1,477	1,208	1,261
Traffic Violations	5,849	3,937	4,094	2,971	3,693
Calls for Service	44,550	41,127	40,790	41,243	41,351
Parking Violations (includes those issued by Parking Enforcement)	10,321	10,003	10,211	9,907	11,672
Fire					
Number of calls answered	3,162	3,389	3,412	3,494	3,789
Inspections	427	387	381	521	520
Pre-fire tours	563	403	568	421	792
Hydrants Flow Tested	439	455	379	379	171
Highways and Streets					
New Street Pavings (miles)	-	-	-	-	-
Streets Resurfaced (miles)	-	0.3	-	0.5	2.5
Sanitation					
Refuse Collected (tons/day)	59.2	60.0	62.1	67.3	63.08
Recyclables Collected (tons/day)	1.8	2.7	2.8	4.0	4.92
Culture and Recreation					
Field Permits Issued	19	20	20	21	21
Plaza Permits Issued	43	41	43	42	40
Other Event Permits Issued	45	47	48	46	32
Water					
New Connections	111	100	100	88	138
Average Daily Consumption (thousands of gallons)	3,356	3,692	3,058	2,974	2,959
Wastewater					
Average Daily Usage (thousands of gallons)	3,033	3,581	3,587	3,913	3,678

Source: Various City Departments

CITY OF ST. AUGUSTINE, FLORIDA

**Capital Asset Statistics by Function
LAST FIVE FISCAL YEARS**

September 30, 2014

"UNAUDITED"

FUNCTION	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police					
Stations	1	1	1	1	1
Boats	1	1	1	1	1
Fire					
Stations	2	2	2	2	2
Vehicles	8	8	8	8	8
Boats	1	1	1	1	1
Sanitation					
Collection Trucks	7	7	7	7	7
Water					
New Feet of Water Mains Added	6,073	5,593	6,020	17,844	10,254
Fire hydrants	1,051	1,049	1,062	1,072	1,092
Maximum Monthly Average Daily Flow (thousands of gallons)	3,769	3,692	3,601	3,389	3,178
Wastewater					
New Feet of Sanitary Sewer Added	-	-	9,873	-	3,336
New Feet of Storm Sewers Added	-	-	2,218	3,300	1,731
Maximum Monthly Average Daily Flow (thousands of gallons)	9,030	3,587	5,772	3,678	4,614

Source: Various City Departments

Compliance Section

This Section Contains the Following:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Schedule of Findings and Questioned Costs

Management Letter



STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA
JEFFREY M. JACOBS, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENTAL AUDITING STANDARDS**

Honorable Mayor and Members of the City Commission
Mr. John Reagan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of St. Augustine, Florida (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2015.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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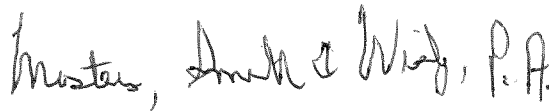
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Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report:

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Jacksonville, Florida

March 27, 2015



STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA
JEFFREY M. JACOBS, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Honorable Mayor And Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of St. Augustine, Florida's (the City's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major Federal programs and State projects for the year ended September 30, 2014. The City's major Federal programs and State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs and State projects.

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance for each of the City's major Federal programs and State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination on the City's compliance with those requirements.

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal programs and State projects for the year ended September 30, 2014.

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Report on Internal Control over Compliance:

The management of the City is responsible for establishing and maintaining effective internal control over the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program or State project to determine the auditing procedures for the purpose of expressing our opinion on compliance for the major Federal programs and State projects and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.555, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in an internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Master, Smith & Wiedly, P.A.
Certified Public Accountants
Jacksonville, Florida

March 27, 2015

CITY OF ST. AUGUSTINE, FLORIDA
Schedule of Findings
and Questioned Costs
For the Year Ended September 30, 2014

Financial Statements

Type of Auditors' Report	Unmodified
Internal Control Over Financial Reporting:	
Material weakness identified?	No
Reportable conditions identified not considered to be material weakness?	None reported
Noncompliance material to financial statements noted?	No

Federal Programs and State Projects:

Internal Control Over Major Programs:	
Material weaknesses identified?	No
Reportable condition identified not considered to be material weakness?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) or Circular A-133, or Chapter 10.557	No

Identification of major programs:

Federal Program

CFDA No.

Flood Mitigation Assistance	97.029
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State Project

CFSA No.

Florida Inland Navigation - Dredging Projects	N/A
Division of Historical Resources - Lightner Museum Restoration	N/A

Dollar threshold used to distinguish Type A and Type B programs	<u>Federal</u>	<u>State</u>
	\$ 300,000	\$ 300,000

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133	Yes
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(continued)

CITY OF ST. AUGUSTINE, FLORIDA
Schedule of Findings
and Questioned Costs
For the Year Ended September 30, 2014

(continued)

Financial Statement Findings:

No matters required to be reported.

Major Federal Programs and State Projects Findings and Questioned Costs:

No matters required to be reported.

Other Issues

A corrective Action Plan is not required because there were no findings required to be reported under the Federal or Florida Single Audit Acts



STEVEN D. RAWLINS, CPA
GARY M. HUGGETT, CPA
JEFFREY M. JACOBS, CPA

MANAGEMENT LETTER

Honorable Mayor and Members and Members of the City Commission
Mr. John Regan, City Manager
City of St. Augustine, Florida
St. Augustine, Florida

We have audited the financial statements of the City of St. Augustine, Florida (the City) as of and for the year ended September 30, 2014, and have issued our report thereon dated March 27, 2015.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. We have issued our independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, independent auditors' report on compliance for the major federal programs and on internal control over compliance as required by OMB Circular A-133, and schedule of findings and questioned costs. Disclosures in those reports and schedule, which are dated March 27, 2015, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of local governmental entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedules.

- Section 10.554(1)(i)1, *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. We determined finding 2013-2 had not been corrected as the City had contra-asset budget accounts on its balance sheet again in the current year that required journal entries to eliminate the balance and report the correct fund balance.
- Section 10.554(1)(i)2, *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined the City complied with Section 218.415, Florida Statutes.

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- Section 10.554(1)(i)3, *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we had the following findings and recommendations:

Finding and Recommendation: Finding 2014-01

The City incorrectly posted a bond payment which resulted in bonds payable being misstated at year end. We recommend the City agree its bonds payable liability on the general ledger to the bond maturity schedule at year end to ensure all bond payments are posted correctly.

City's Response:

The City agrees with the above and will make every effort to ensure bond payments are posted correctly by comparing year end general ledger balances to supporting maturity schedules..

Finding and Recommendation: Finding 2014-02

Out of 50 cash disbursements selected for testing it was noted that 3 purchases were made prior to a purchase order (P.O.) being issued which is in violation of the City's procurement policy. We recommend City personnel follow the City's procurement policy prior to making any applicable purchases.

City's Response:


The City acknowledges that at times employees may believe a blanket purchase order is issued and make a purchases only to find out differently and then make the appropriate P.O.. The City will remind all applicable personnel to be careful a purchase order is in existence prior to making any applicable purchases.

- Section 10.554(1)(i)4, *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5, *Rules of the Auditor General* requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

- Section 10.554(1)(i)6(a), *Rules of the Auditor General*, requires a statement to be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)6(b), *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2011, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6(c) and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This letter is intended solely for the information and use of the Mayor and City Commission members, management, the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and federal granting agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during our audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.


Certified Public Accountants
Jacksonville, Florida

March 27, 2015

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